



FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative



Feed the Future Mozambique Agricultural Innovations Activity (FTF Inova)

Quarterly Report (January 1 – March 30, 2021)

Maputo, April 2021



USAID
FROM THE AMERICAN PEOPLE

This publication was produced by FTF Inova for the United States Agency for International Development (USAID), USAID Contract Number AID-656-C-17-00001, at the request of the USAID Mozambique Mission. This document is made possible by the support of the American people through USAID. Its contents are the sole responsibility of the author or authors and do not necessarily reflect the views of USAID or the U.S. Government.

USAID/Mozambique Contact:

Elsa Mapilele, Contracting Officer's Representative, FTF Inova

emapilele@usaid.gov

Contact:

Raul Pitoro, Chief of Party, FTF Inova

raul_pitoro@dai.com

Table of Contents

Table of Contents	iii
Tables and Figures.....	iv
Acronyms.....	v
1 Executive Summary	1
2 Strategic Review and Outlook.....	4
2.1 Key Results Achieved.....	4
2.2 Way Forward in the Next Quarter(s)	10
3 Progress Over the Last Quarter	12
3.1 Input Distribution Network	12
3.2 Supply Chain Management	22
3.3 Support Services.....	28
3.4 COVID-19 Grants	37
4 Collaborating, Learning and Adapting.....	40
4.1 Operational Environment.....	40
4.2 Collaboration with other stakeholders.....	41
4.3 Information on indirect impact and replications from FTF Inova interventions.....	42
Appendix 1 – Performance Indicator Table	46
Appendix 2 – Success Story.....	48

Tables and Figures

Table 1. Results per Outcome Pathway 1.....	5
Table 2. Results per Outcome Pathway 2.....	8
Table 3. Results per Outcome Pathway 3.....	9
Table 4. IDN Progress	13
Table 5. SCM Progress	22
Table 6. SSS Progress	28
Table 7. FTF Inova Progress on Performance Indicators	45
Figure 1. Pathways to FTF Inova Outcomes	5
Figure 2. Portion of the K2 calendar distributed	18
Figure 3. Sociogram depicting the importance of leveraging industry associations	42
Figure 4. Tangerine Sociogram	43

Acronyms

AICAJU	The National Cashew Processors Association
AIPM	Agro-Imbeu Parque e Máquinas
CdA	Casa do Agricultor
CLA	Collaborating, learning, and adapting
CRM	Customer relationship management
DECA	Desenvolvimento e Comercialização Agrícola
ECA	Empresa de Comercialização Agrícola Ltda
ESD	Enterprise and Supplier Development
ETG	Export Trading Group
FTF	Feed the Future
FTF Inova	Feed the Future Mozambique Agricultural Innovations Activity
FY	Fiscal year
HEI	Higher education institution
IAM	Instituto de Amendoas
IDN	Input Distribution Network
ICT	Information and Communication technology
ISPM	Instituto Superior Politécnico de Manica
JFS	Joao Ferreira dos Santos
K2	Klein Karoo
KDT	Ka Da Terra
MCA	Mozambique Cotton Association
MEL	Monitoring, evaluation, and learning
MeTL	Mohammed enterprises Tanzania Limited
MGT	Mozambique Good Trade
MADER	Ministry of Agriculture and Rural Development
MOU	Memorandum of understanding
MSD	Market systems development
MZN	Meticaís
NGO	Non-Governmental Organizations
Q	Quarter
SCM	Supply Chain Management
SHF	Smallholder farmer

SSS	Support Service Systems
ToC	Theory of Change
UBS	UniLurio Business School
UCM	Universidade Católica de Moçambique
USAID	United States Agency for International Development
USD	United States dollar
VBA	Village-based agents
VSLA	Village savings and loan association

I Executive Summary

The Feed the Future Mozambique Agricultural Innovations Activity (FTF Inova) is a five-year market systems development (MSD) activity that began in February 2017. It works with market actors, such as businesses and government entities, to help them adopt new ways of doing business and delivering services, to help Mozambican agriculture become more competitive and inclusive. In its fourth year of implementation, FTF Inova focuses on the sustainability of the capacity building and the scaling of innovative practices.

In line with the FY21 work plan, FTF Inova advanced the following key priority strategies this quarter:

1. **Continued to work with scale-agents who can provide significant expansion of FTF Inova innovations.** Taking the large firms as strategic route to scale, FTF Inova continued prioritizing the large scale firms, like Bayer, K2, CdA and Chaora, as well as industry associations like the National Cashew Processors Association (AICAJU), Cashew Institute (INCAJU) and the Cotton Association (MCA), Unilurio Business School, and Tangerine as vehicles to expand promising innovations.
2. **Support “second movers” in the market with the potential to contribute to systemic change.** As FTF Inova believes that gathering evidence is crucial for supporting the second movers in adopting innovations leading to systemic change, this quarter we have made progress in gathering and sharing lessons learned with AICAJU on the performance of the suppliers clubs.
3. **Invest in capacity building of partner firms in the three market systems.** During this quarter, FTF Inova continued investing in capacity building of our partner firms like APROSE on seed competition, UBS in expanding the internship program through the preparation of a grant that will serve as an implementation mechanism that will be fully managed by them.
4. **Provide more direct support to help businesses overcome challenges presented by COVID-19.** FTF Inova continued investing time in the launch and selection of the winners of the Challenge Fund. The next step is co-creation with the selected winners to develop their full proposal for funding.
5. **Disseminate learning to key stakeholders in the market and development partners.** Learning is at the core of the FTF Inova implementation strategy and this quarter, we continued sharing lessons with several stakeholders.
6. **Collect more evidence of the impact of innovations on businesses and SHFs.** As evidence is the basis for the informed management decision-making process, FTF Inova invested in data collection efforts to measure systemic change, track the performance of the interventions like the suppliers clubs, assess the perception of input users, customers preferences, and more.

More specifically, FTF Inova has registered the following progress during this quarter.

Challenge Fund:

- Upon the design of the Challenge Fund in Q1, in Q2, FTF Inova launched the Challenge Fund initiative's webpage (www.futurefoodmoz.org) in a partnership with Fundaso as a host of the event. A total of 49 applications were received in just one month of which 10 finalists were selected for the second phase. The 10 finalists presented their pitches to a judging panel, and based on the ranking of the candidates by a judging panel, the top 5 were announced as the winners of the Challenge Fund.

Supporting services:

- APROSE, in partnership with FTF Inova, has completed the data analysis for the Seed Award Program. This was a good opportunity to build the capacity of APROSE to run these competitions

in the future. Currently the results of the data analyses have been sent to APROSE's judging team after which the winners will be announced.

- Ecotri have increased their offering to attract more customers by creating a partnership with Indico Insurance. This brings insurance to all customers of tricycles, an additional service that is not common in the market.
- XR Global has submitted a video module which will be used to train Unilorio Business Interns and Bayer hub-dealers/agro-dealers. This training will happen in the next quarter. The results from this first round will be used to further improve the module, before being rolled out to all Bayer hub-dealers and agro-dealers (approximately 200).
- The internship program with UBS in partnership with FTF Inova continues showing value that the interns bring to the businesses. The internship program has seen a significant progress over the reporting period, including, two agro-dealers whose embedded innovations reported increased business volume and value to their customers; three agro-dealers invested in purchasing laptops to improve data management; and one agro-dealer replicated the innovations introduced by interns in 2 new branches. These findings indicate the recognition of the value that these interns have for businesses.
- UCM is enhancing the internship scheme it is running by developing a website for engagement with agri firms. This online platform will be operational by the end of April 2021.
- Tangerine has made a significant achievement this Quarter, being able to attract two fully paying customers to their platform (Cultiva), Agriterra and CIM which proves that the agricultural sector can be a viable market for marketing firms as well. Tangerine continued identifying potential customers, including Syngenta, K2 and ETG. As the number of paying customers are increasing, this has created an incentive for Tangerine to invest in creating an agriculture portfolio and hired a dedicated staff to manage it.

Input distribution:

- In the pursuit to expand its market segment to include women who are often overlooked, Oruweru has expanded from five to 11 VBAs (8 women) over this quarter. In addition to VBAs, Oruweru has created buyers' clubs that aggregate orders from women for inputs to improve their ability to purchase larger amounts of inputs. The Buyers clubs has increased to approximately 160 women, and Oruweru's VBAs are giving access to inputs to 1,100 SHFs. Additionally, during this Quarter, Oruweru has increased the number of buyer's groups from two to four, with 2 women's associations and 2 women's savings groups.
- Bayer has concentrated on continuing activities in expanding last mile input distribution through a network of regional hub distributors and agro-dealers. Currently, 11 active hub-dealers are working with 125 agr-odealer shops, of which 24 are from the South.
- K2 has continued to increase its support to its agro-dealer network in retail expansion. K2 has created a good network of retailers (15 agro-dealers and 13 agents), and are now looking into how they can encourage growth of sales with these retailers. Since only six of these retailers are working with agents that were identified with K2 support, with 13 agents employed to date. This is a continued area for development for K2.
- Although eight firms have adopted fair and transparent pricing, including the commission-based pricing to standardize and improve the prices SHFs pay for inputs, the team reported mixed results. While CdA noted that despite the use of catalogues with recommended prices, premiums are still being added, Luteari has shown great progress and success on managing prices. Agents are gaining around 5 -10% commission for selling inputs. K2, CdA and Bayer recognize the pricing is a sensitive issue, therefore, investments are being made to increase their understanding on the issue, including phone calls follow-up by CdA on agro-dealers, a pricing study commissioned by Bayer to help understanding how prices can be set with agro-dealers.

Supply chain:

- *Ka Da Terra* continue to make progress on sourcing locally grown products and demonstrate the commercial gains from the model. This Quarter, KDT sold 12 metric tonnes of rice (more than 50% of stock) sourced from Impere with a network of 36,500 SHFs from Nicoadala, Namacurra, Mopeia, and Maganja da Costa districts and managed to reach distribution agreements with 2 large wholesalers and retailers (Terramar Bagamoio, Premier Group) and 2 micro-retailers (Barracas Amakene Magoroe and Benilde Castro) who are able to reach lower income customers. The supermarket is at the final stage of registering the rice with the Shoprite group and with the Armazéns Atlantico wholesale shop.
- After a successful implementation of the supplier club model, Novo Madal is now expanding this model to others. Due to COVID-19 limitations, Novo Madal is downsizing their initial plan to target 9,560 farmers, and are now envisaging reaching 4,600 farmers (60% female). To improve the management of the suppliers clubs, Novo Madal have reached an agreement with GreenFingers to acquire software to manage suppliers.
- The sustainability of models does not necessarily rely on the business willingness to adopt but also on the value that they bring to the SHFs. This quarter, FTF Inova learned that with no assistance from OLAM, the good agricultural practices introduced as part of the club's selection criteria even without signed contracts and defined incentives, the SHFs established the suppliers clubs on their own with few adaptation to fit with their context. Most importantly,
- Resulting from FTF Inova's support to AICAJU and its members, a dissemination event sharing lessons learned on the suppliers clubs led to ETG's consideration of performance management tactics. ETG is now ready to pilot a training to Supply Chain Managers with the aim to support the roll-out of suppliers clubs 161 SHFs identified.

Collaborating, Learning and Adapting:

- FTF Inova presented and discussed the mid-term evaluation recommendations with USAID for guidance on the way forward. We presented three examples from the inputs, supply chain, and support services, showing how we are achieving scale and our response to the Mid-Term Evaluation recommendations.
- In collaboration with GIZ, FTF Inova held a workshop with AICAJU and the cashew processors to discuss the current challenges in the cashew sector and brainstorm firm-level growth strategies. During the meeting, FTF Inova administered a questionnaire to inform the content of practical training to improve processors' supply chain efficiency through investments in a performance management scheme, a scheme that engages farmers that are committed to increasing the supply of high-quality crop through a set of social and economic rewards to farmers based on continuous improvement of quality, volume, yield, loyalty and reliability of supply. A working group was established to inform the training content and the challenges to highlight with government institutions on the policy environment.
- FTF Inova partnered with IPEME to sponsor a workshop where FTF Inova partners promoted their brands and showcase their innovations.

2 Strategic Review and Outlook

2.1 Key Results Achieved

During this quarter, FTF Inova has intentionally considered how key partners can become or influence “scale agents” who can provide significant expansion of FTF Inova innovations that disrupt the agricultural market system dynamics to benefit a significant number of smallholder farmers (SHF).

A **scale agent** refers to an entity that mobilizes, supports, aligns, and/or coordinates the efforts of individuals, firms, and institutions system-wide.¹

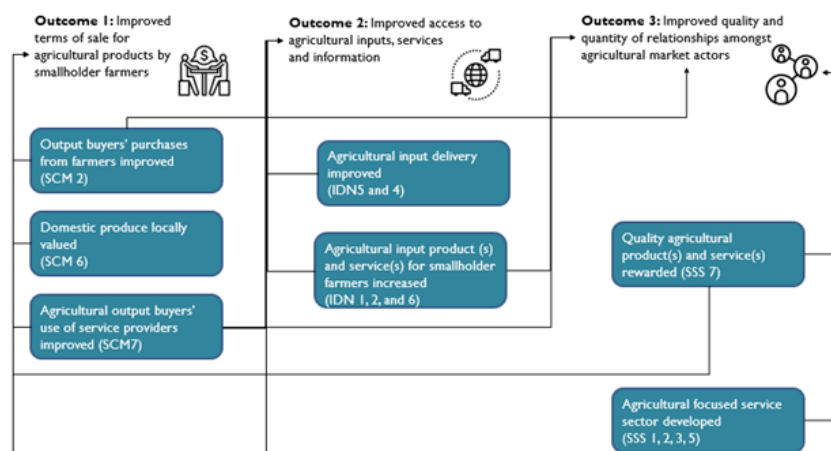
Activity results are organized by the three portfolios below, which all contribute to the three overall outcomes.

- **Supply Chain Management (SCM):** FTF Inova engages with output buyers (e.g. international exporters of agricultural produce and products) and domestic retailers (e.g. supermarkets) to strengthen the quality and quantity of agricultural produce through relationships with SHFs and service providers.
- **Input Distribution Network (IDN):** FTF Inova engages with input supply manufacturers, distributors, and retailers to improve delivery of agricultural input products and services, tailored to the needs of SHFs.
- **Support Service Systems (SSS):** FTF Inova engages with supporting actors (i.e., marketing firms; universities; logistics, information and communication technology (ICT) firms; financial institutions; etc.) to develop options for delivering services to the agricultural sector.

Figure 1 below presents a graphical representation of how market system changes from our probing activities lead to FTF Inova’s outcomes.

¹ FTF Inova’s definition of “scale agent” does not exclude, nor is it limited to, our key partners with whom we co-create and innovate. The definition is aligned with the Harvard Kennedy Schools’ and the World Economic Forum’s New Vision for Agriculture Initiative’s definition of “system leaders”. See [NVAReport.pdf \(harvard.edu\)](#)

Figure 1. Pathways to FTF Inova Outcomes



2.1.1 Outcome Pathway 1: Improved terms of sale for agricultural products

During the quarter, FTF Inova focused on the business case and motivations to drive scaling that various actors in the supply chain management portfolio have, especially output buyers and the associations they belong to. FTF Inova intentionally sought ways to reach scale by disseminating learning from key output buyers (like Olam, Miruku, Novo Madal, Ka Da Terra) with associations focused on various crops like cotton (Mozambique Cotton Association) and cashew (AICAJU). The intention of capturing and disseminating lessons is to reach greater numbers of farmers in an effort to strengthen the quality and quantity of agricultural produce in the agricultural supply chains. Additional efforts to support select “second movers” in the market with potential to contribute to systemic change (such as ETG, Agroshawash, and Ikuru) were also notable as viable routes to scale that can build off initial pilots to improve the terms of sale for smallholder farmers. In particular, there seems to be real traction with performance schemes that enable SHF to have access to markets, know the demand, meet quality and quantity expectations, and reliably sell to off-takers investing in them (not side-selling).

Table 1. Results per Outcome Pathway 1

Indicator	Achievements in Q2 of FY21	Relevance
EG.3.1-14 Value of new U.S. Government commitments and private sector investment leveraged by the U.S. Government to support food security and nutrition [IM-level]	\$37,200	The value of additional investment committed indicates commitments to improve the terms of sales for agricultural products. In FY21, FTF Inova expects additional commitments from at least 7 partners in the private sector; most notably from CdA and Miruku.

EG.3.2-26 Value of annual sales of farms and firms receiving USG assistance	\$1,654,782	Sales figures alone are not sufficient to understand terms of sale, but analysis of sales by and to SHF, or of particular products (i.e. input) or services can prove useful to understanding developments in markets. This quarter sales of inputs from CdA, Lutarei and K2 to SHF valued about \$1.4 million. Supermarkets, purchasing from SHF, accounted for an additional value.
GNDR-2 Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources	19%	Excluding females or youth from market systems and from solving problems and innovating in the face of shocks and stresses is missing out on potentially valuable sources for resilience. Changes in social norms regarding gender and youth can prove transformative if giving traditionally excluded more beneficial roles and opportunities.
YOUTH-3 Percentage of participants in USG-assisted programs designed to increase access to productive economic resources who are youth	15%	

Summary of key achievements points

1. **Despite the limited reach of initial pilots with Miruku and Novo Madal, FTF Inova “first mover” partners and smallholders have seen the value of output buyer investment in incentives and performance management schemes, based on transparent terms and quality standards.** During this quarter, this is evidenced by the self-organized additional three clubs of smallholders hoping to attract Miruku to them, as well as by Novo Madal’s company decision to suggest to other donors (like NGOs), who may assist the company, that they follow some of the tactics FTF Inova has used with Novo Madal to support business growth. Novo Madal is also exploring opportunities to improve their management of the performance of their suppliers using a software developed by Green Fingers.

2. **“Second movers” benefit from evidence and experience sharing from the “first movers”, requiring less support in making the case for engaging with SHF throughout the season and focusing more on how to adapt the performance management tactics for their business.** During this quarter, second movers in performance management schemes included Export Trading Group (ETG) in the cashew sector, Agroshawash in the cotton sector, and Ikuru in maize and soybeans. While the tests of these second movers are relatively small (reaching a thousand farmers), the replication in the same sectors as well as a new sector (cashew) is an encouraging signal of systemic change.
3. **Industry platforms can serve as effective scale agents through coordination, support, and guidance of association member firms to replicate and scale practices.** During this quarter, FTF Inova advanced the workplan activities to leverage AICAJU as a platform through which to promote the replication and scaling of performance management techniques with smallholder farmers. Through coordination and evidence sharing with this cashew association leadership (and not only focusing on supporting select members like ETG, whose experience will still prove valuable for sharing within the association), FTF Inova is able to influence how the association provides guidance to its members in terms of their engagement with smallholder farmers of cashew throughout the upcoming season.

2.1.2 Outcome Pathway 2: Improved access to agricultural inputs, services and information

During the quarter, FTF Inova focused on understanding what drives the sales volumes of new delivery channels of agricultural inputs, like the pre-ordering and subsequent delivery by trucking routes to select agro-dealers (financed by an input distributor) or delivery by village based agents (VBAs). Regardless of the input sector firm that FTF Inova has supported (CdA, Chaora, K2, Bayer, Oruwera, or Luteari), the expansion of their geographical customer reach to remote rural SHFs (at the last mile) presents a common challenge--ensuring enough volume of orders of agricultural inputs from this smallholder customer segment to continue delivery channels at scale profitably. Volumes also depend, in part, on fair and transparent pricing strategies aimed at the smallholder farmer customer segment, which FTF Inova continues to support with partners (CdA, K2, Bayer, Lutari, and Oruwera).

Along this pathway, there is also the challenge of generating enough demand from smallholder farmers of quality agricultural inputs, which relies in part on the information about inputs available and the ability of the inputs to help meet requirements, grades, and standards of potential output buyers. It also depends upon how tailored the agricultural inputs and/or services are to the smallholder farmer expectations and needs (shops, quantity, labeling, packaging, marketing, etc). During the quarter, strategies to improve the products and experiences geared towards smallholders advanced with K2, Oruwera, ECA, and Bayer.

FTF Inova also continued to engage with supporting actors (ie, marketing firms, Universities, logistics, ICT firms, media, etc.) to develop options for delivering services to the agricultural sector. The agribusiness improvements (in logistics, transport, finance, marketing, and ICT) contribute to improve smallholder farmers' access to agricultural inputs, services and information, which should improve the productivity of smallholder farmers as well.

Table 2. Results per Outcome Pathway 2

Indicator	Achievements in FY21	Relevance
EG.3.2-24 Number of individuals in the agriculture system who have applied improved management practices or technologies with USG assistance	1,275	Adoption of improved practices and technologies (like CRM systems, improved seeds, marketing, etc) by diverse actors throughout the agricultural system increases productivity and profitability. The majority of individuals with changes in their behaviors were SHF, benefitting from improved inputs sold by CdA.
EG.3.2-25 Number of hectares (ha) of land under improved technologies or management practices with U.S. Government assistance	4,249	Increased area under improved technology or management practices such as use of improved seed and fertilizer increases productivity, production and income.
EG.3.2-27 Value of agriculture-related financing accessed as a result of USG assistance	0	Increased access to finance improves inclusion for targeted segments (like MSMEs) and helps strengthen and expand markets and agricultural growth. As highlighted finance continues to be an area of need for SHF, especially given the COVID-19 context. Despite the importance of finance in agriculture sector development, access continues to be a challenge. The most recent agricultural sector survey estimates that only 0.6% of farmers nationwide have access to credit. Nevertheless, our partner firms are currently negotiating access to finance from various sources including Sustenta.

Summary of key achievements points:

- Agricultural inputs have been packaged and/or delivered in ways that also disseminate information useful for smallholders through scale agents (retailers).** During the quarter, several FTF Inova partners found ways to improve access to information about agricultural productivity through packaging of products and/or their delivery. For example, K2 had originally thought to distribute calendars for planting seasons directly to select farmers, but reconsidered using agricultural retailers as a more effective and cheaper way to distribute to give farmers the right information when they buy K2 products from supported retailers. Similarly, Oruwera has intentionally designed seed buckets and lines on their packaging to facilitate the productivity of the women whom they are targeting with their seeds. Finally, CdA has sent technical staff on select trucking delivery routes to improve information provided to agro-dealers on the agricultural inputs they intend to sell to smallholder farmers.
- Agricultural input companies experimenting with different delivery routes are seeking feedback from agro-dealers and/or from smallholder farmers on what considerations may affect their purchasing/ volumes sought before discontinuing select last mile delivery routes.**

During the quarter, both CdA and Chaora experienced challenges breaking even with all of the planned delivery routes. In both cases, the companies sought to understand the motivations for purchasing patterns not meeting their expectations. This represents a shift in behavior from three years ago where there was less of an interest in last mile customer insights and feedback. Additionally, CdA is reconsidering routes that have not shown the capacity to break even, representing an improved use of evidence-based decision making.

3. **Despite the hesitancy to make the pricing of agricultural inputs transparent, select FTF Inova partners have found the value in using and monitoring the adherence to price lists.** During the quarter, FTF Inova continued to engage with partners on pricing strategies. Partners like CdA and K2 have “recommended” prices to their associated retailers, but have not invested much resources in convincing or monitoring retailers in their adherence to the prices. If the prices of the agricultural inputs have significant markups being applied beyond what the company needs to break even on delivery, this may be affecting the demanded volumes. Bayer is also conducting a pricing study with FTF Inova’s support, which can shed light on the willingness and ability to pay for inputs, in addition to Oruweru’s plans to test some flexible options. Luteari also shared with FTF Inova their learnings on the usefulness of managing two price lists to maintain and monitor pricing, which may prove useful in future dissemination with other partners and scale agents.
4. **Transportation logistics, technical assistance and marketing are garnering more interest from several agricultural actors, including a focus on more rural locations.** During this quarter, interest in partnerships in Applod, Ecotri, Adicional, Unilurio and Tangerine has been identified and/or expressed. Given how thin the agricultural market system has been, the interest alone signals the potential for more development of supporting services to the agricultural sector. In coming months, FTF Inova hopes that interest will lead to more business generating arrangements between actors.

2.1.3 Outcome Pathway 3: Improved Quality and Quantity of Relationships

During the quarter, FTF Inova reflected on which actors serve as “scale agents” for significant and sustainable changes to business as usual. FTF Inova does not pursue innovations with partners that would not influence a network of agricultural actors. In network analyses, researchers often consider centrality measures like degree (the number of connections an actor has) as well as closeness (how central to a network or the “hub” of a network an actor is) to assess potential and actual scale. FTF Inova finds sociograms and network analyses useful for visualizing and assessing contribution and diffusion of innovation throughout the agricultural system and created a few sociograms this quarter, which are presented in Section 4 of this report. Sociograms easily depict the quantity of relationships of select actors, but FTF Inova also completed interviews during the quarter on the quality (especially in terms levels of trust and cooperation), as well, which will be analyzed and reported during the next quarter. Since the beginning of FTF Inova, the agricultural market system has been characterized by spot transactions--in which a buyer and seller agrees to exchange goods and services that day (or within two to three days) with little to no commitments or risks. Getting market actors to invest in a longer relationship than a spot transaction has been one of FTF Inova’s primary focus to improve the productivity, competitiveness, and resilience of the agricultural market system. Continued interest and investment by FTF Inova partners, as well as scale agents, in creating loyal customers of inputs or loyal suppliers of agricultural produce has demonstrated potentially more mutually beneficial relationships for smallholder farmers with both their suppliers and buyers.

Table 3. Results per Outcome Pathway 3

Indicator	Achievements in FY21	Relevance
-----------	----------------------	-----------

Number of farmers who have a new/improved commercial relationship with partner firms	995	Strong networks, social capital, and expectations of trust and cooperation between market actors enable collaborative solutions to business challenges, shocks, and stresses.
Number of FTF Inova partner firms who have new/improved commercial relationships with other firms	3	In FY21, improved relationships between firms, like CdA, Tangerine, and ETG with other firms, as well as improved relationships of farmers with KDT, ETG, and CdA are expected to account for significant shifts in the agricultural market system dynamics.

Summary of key achievements points.

- 1. FTF Inova collected more evidence of the impact of innovations on businesses and SHFs.** During the quarter, significant resources were dedicated to collection of interviews and data from market actors about their relationships, flows of finance, sharing of information, and innovations pursued. Evidence collected has been useful for outcome harvesting as well as assessment of cooperation, trust and resilience, which are forthcoming. Additionally, FTF Inova was requested to support select partners in developing the business case for internal justification to continue the piloted innovations.
- 2. Increased new connections between market actors have been facilitated through FTF Inova's supported innovations.** In addition to improving relationships and dynamics between actors, FTF Inova continued to support connections, especially of actors at the last mile with more urban based actors in the system. These linkages are notable, particularly in the case of Appload and Cultiva which have both registered on their platforms multiple actors and facilitated connections between them, as a result.

2.2 Way Forward in the Next Quarter(s)

As per the Annual Work Plan, FTF Inova continues to focus on the implementation strategy priorities for year 4. This quarter, more efforts were dedicated to:

- Selecting the right “scale agents” to act as proponents of better standards and practices,
- Working to overcome the challenges presented by COVID-19 and
- Collecting more evidence to support the second movers and build business cases.

In the next quarter, FTF Inova will intensify the dissemination of learning including the participation in the Market Systems Symposium to provide a field example as to how FTF Inova have been working with local firms around the segmentation of female customers (emphasizing the business case), lessons in Supply Chain Management and in Retail Distribution. More specifically:

In input distribution, FTF Inova will continue relying on remote work as a consequence of the impact of COVID-19. The activities planned for the next quarter are:

- FTF Inova will support more investigation of the fundamental issues with CdA Rota Certa agro-dealers' ordering volume capacity, building on the experience with Bayer's research with retailers.
- FTF Inova will support the adoption of the Cultiva platform--which captures data on product sales and inquiries at the agro-dealer level, which can be accessed by input manufacturers and distributors real time--by organizing meetings with CdA and others that might be interested in piloting the platform. We plan to issue a small grant for those interested to try the platform, too.
- FTF Inova will Support K2 to implement performance schemes with their retailers and introduce a regional input distribution with the best of their retailers.
- FTF Inova will leverage Luteari's experience on pricing strategies to build up the pricing study that is being carried on next quarter.
- FTF Inova will support CdA work and strengthen business relationships with agro-dealers to ensure sustainability of the routes.
- FTF Inova will support K2 to implement performance schemes with their retailers and introduce a regional inputs distribution with the best of their retailers.
- FTF Inova will package case studies to disseminate the innovations to the market.

In supply chain, the focus is to support the “scale agents” such as industry associations and companies with larger reach (like ETG, Miruku, Ka Da Terra) to create wider adoption of suppliers' clubs as aspects are replicated with association members and to draw lessons from the locally sourced produce model. The activities planned for the next quarter are:

- FTF Inova will continue supporting the Instituto de Amendoas (IAM) and ConnectCaju to harmonize the performance scorecard as ConnectCaju is interested in using it to evaluate the performance of 4,000 cashew spray service providers. As the next steps, IAM is responsible for approving the performance criteria defined in the performance card; ConnectCaju will populate the criteria into the software, and ConnectCaju will run a pilot on performance evaluation of the spraying providers in Cabo Delgado and Zambézia provinces. The deadline for IAM to provide their feedback to FTF Inova on the performance score is near the end of April.
- FTF Inova will complete the pilot for the sourcing and retail of domestic products with Ka Da Terra and develop an exit strategy by reducing the level of support to Ka Da Terra, while disseminating the proven evidence of the pilot with a larger audience to boost replications.

Regarding the support services sector, in the next quarter, FTF Inova will continue searching for sustainable and affordable solutions that respond to the sector's needs by partnering with service providers developing agricultural services. The planned actions are:

- FTF Inova will prioritize the assessment of a grant application by UBS, which will enable them to expand their pilot into supply chain innovations (as opposed to their current focus on input distribution).
- FTF Inova will continue to support UCM with enhancing the intern scheme it is running by developing a website for engagement with agri firms. This online platform will be live in the next quarter.
- FTF Inova will continue supporting *Ecotri* to facilitate access to motorized tricycles for the distribution of inputs by agro-dealers.
- FTF Inova will support Appload launch the trading room as a way to provide more space for buyers and sellers to interact in an open marketplace.
- FTF Inova will leverage Luteari's experience on pricing strategies to build up the pricing study with Bayer that should be finalized next quarter.

3 Progress Over the Last Quarter

Progress during the quarter is measured by “probe,” the sense-making technique that FTF Inova uses to facilitate positive changes towards more inclusive relationships and market expansions in each of the three portfolios of the market system that FTF Inova works with.

FTF Inova Probing Technique

The What: A potentially catalytic innovation, such as a new product, service or business practice adopted by a market actor.

The How: The co-creation process of how FTF Inova defines and adapts the innovation together with the partner market actor.

The Why: The learning objective attached to the innovation, geared towards measuring *sustainability* over the long term, the *value* delivered to SHFs, and the potential to *scale* in the market.

3.1 Input Distribution Network

Different innovations within the Input Distribution Network continue to demonstrate commercial viability. This quarter has demonstrated the continued need to adapt models with Inova’s partners to improve their commercial sustainability while pilots are scaled-up. For example, Chaora has set-up delivery routes, but have reached a plateau of sales, and are now seeking to understand what additional actions they need to take to improve growth. Similarly, K2 has created a good network of retailers, and are now looking into how they can encourage growth of sales with these retailers. FTF Inova continues to work with these partners to identify improvements as soon as possible to ensure innovations can be continued beyond the lifetime of the activity.

Innovations are now seeing adaptations to support scale. For instance, Oruwera has doubled the number of VBAs and buyers clubs they work with.

The Activity continued to create inclusive value by improving SHFs access to inputs, and this quarter has seen particular gains for women working with Oruwera. Buyers clubs have increased to approximately 160 women, and Oruwera’s VBAs are giving access to inputs to 1,100 SHFs.

3.1.1 Indications of Change and Progress Towards Outcomes

Table 4. IDN Progress

<p>Probe IDN5: Use pull distribution systems to improve the timeliness of product delivery to create dependency, add value, and build customer loyalty.</p> <p>Outcome Pathway 2: Improved access to agricultural inputs, services and information.</p> <p>Actors: CdA, Luteari, Klein Karoo's (K2's) retailers (6), Agro Dalton, Sitole, three shops of Joao Agricultor, AGRO-DEALER Moleiro, Akila, Armazens Gabriel, Olima farm, Oruwera, Chaora, Bayer, Agro Seela.</p>		
Changes in Sustainability	Changes in Scale	Changes in Inclusive Value
<p>Eleven firms have adopted pull-distribution systems.</p> <p>Key updates for the quarter</p> <p><i>CdA</i> has continued to run and monitor delivery routes. This has resulted in two routes, in Nampula and Manica being closed. Nampula (Murrupula route) due to ongoing poor performance and Manica (Gondola route) due to low number of agro-dealers and also relatively short distance from the main CdA hub. CdA has also continued to generate feedback from agro-dealers to understand how to improve order volumes, by reaching out to them via phone calls.</p> <p><i>Chaora</i> continues to run their pull-distribution system where order value reaches a minimum amount. These orders have not grown</p>	<p>Pull-distribution systems are being expanded by both first- and second-movers. First, movers have seen the value in the innovation and are investing in their input distribution capacities. Second movers are beginning to recognize the potential of the model and are replicating their own versions.</p> <p>Key updates for the quarter</p> <p><i>CdA</i> has seen a 16% decrease in sales this quarter, from MZN 10,881,065 (Oct to Dec) to MZN 9,340,150 this quarter (Jan to March), which can be partially explained by low demand between planning and harvesting seasons. Additionally, because of the impact of the Sustenta project in the market, inputs were being distributed for free to farmers since December and other channels were being used rather than the trucking routes. CdA has closed two routes: Nampula-Murrupula and Chimoio-Gondola due to their low performance. Still, CdA is considering plans for</p>	<p>Increasing distribution of products and services in rural areas improves opportunities for the poor. Women are increasingly participating, as customers, and as suppliers, with individual women, and women groups, being included as agents for input distributors.</p> <p>Key updates for the quarter</p> <p><i>CdA</i> is serving with the routes 17,680 farmers through their 136 active agro-dealers compared to the 14,430 farmers in the last quarter.</p> <p><i>Chaora</i> is selling inputs to 650 farmers through its community agents using a replica of regional</p>

<p>significantly, and Chaora have identified one agent is responsible for the majority of orders, while others have reduced their orders. FTF Inova is now planning to run a customer feedback survey to understand from farmers and agents what is behind this behavior.</p> <p>K2 has continued to support their network of 15 retailers to increase their customer base. However, only 6 of these retailers are working with agents that were identified with K2 support, with 13 agents employed to date. This is a continued area of development for K2.</p> <p>Bayer's work with the 13 hub dealers continues, 11 of them are active and in development. During the quarter, Bayer ran a session with the hub dealers to understand business challenges and share marketing tactics to be implemented in the current and next seasons. The tactics are expected to support improvement in sales and profitability.</p> <p>Luteari continues to work with their 45 agents, as agents of commercialization and input dealers. The pre-order system did not work for Luteari, they moved into a stockist model with agents, as this better suits Luteari because of the company activities but also because of high cost of transport if they have to deliver inputs very often. Nevertheless, agents</p>	<p>distribution expansion by establishing new shops and identifying new routes to those locations. Though CdA is still not satisfied with the volume of orders, they believe that agro-dealers could do better and increase orders from farmers.</p> <p><i>Chaora</i> has no significant changes to scale from the last quarter.</p> <p>K2 has no significant changes to scale from the last quarter.</p> <p><i>Bayer</i> has concentrated on continuing activities. This is now confirmed with 11 active hub dealers, who are now making sales worth MZN 4,224,960. Those hub dealers are working with a total number of 125 agrodealer shops, of which 24 are from the South.</p> <p><i>Oruweru</i> began working with five VBAs to increase distribution of inputs into rural areas. In this quarter, Oruweru have now increased this to 11, eight of whom are women. In addition to VBAs, Oruweru has created buyers clubs that aggregate orders from women for inputs to improve their ability to purchase larger amounts of inputs. This quarter, Oruweru has increased the number of buyer's groups from 2 to 4, with 2 women's associations and 2 women's savings groups.</p> <p><i>Seven agro-dealers supported by UBS interns</i> have been expanding their reach, with these results reported within the "Support Services" probes.</p>	<p>routes, earning additional MZN 77,008 this quarter.</p> <p>K2 continued in this quarter serving more than 2,625 farmers with improved seed through its 15 VBAs and five agro-dealers network.</p> <p><i>Oruweru</i> is increasing the number of SHFs and women they are working with. The 11 VBAs are expected to be able to reach up to 1,100 SHFs, and the four buyers clubs are improving access to inputs for approximately 160 women farmers.</p>
--	--	---









<p>continue to order from Luteari based on customer needs. The orders are made biweekly in consignment, but paid biweekly as well. For Luteari, distribution of inputs via agro-dealers has to have a network of agents, either via stockists or just pre-order agents. In areas where Luteari has not invested in agents, such as Sussundenga, sales are still low. On the other hand, in regions where agents do not have shops, sales are also low because farmers are not used to ordering and paying in advance.</p>	<p>Luteari has adapted the original piloted activities with FTF Inova to continue geographical expansion of their distribution. Now, Luteari is a service provider to Gorongosa National Park (GNP), expanding the model of network of agents in Gorongosa with about 100 new communities, as part of social responsibility of the GNP.</p>	
---	---	--

<p>Probe IDN4R: Use customer-oriented pricing strategies (i.e., commission schemes or price lists) to provide inputs at a fair and transparent price and expand retail footprint.</p> <p>Outcome Pathway 2: Improved access to agricultural inputs, services and information.</p> <p>Actors: Luteari, K2's retailers (x 6), Agro Dalton, Sitole, three shops of Joao Agricultor, AGRO-DEALER Moleiro, Akila, Armazens Gabriel, Olima farm, Oruwera, Chaora, Bayer, CdA.</p>		
Changes in Sustainability	Changes in Scale	Changes in Inclusive Value
<p>Eight firms have adopted fair and transparent pricing. They include Agro-dealers that have adopted commission-based pricing to standardize and improve the prices SHFs pay for inputs.</p> <p>Key updates for the quarter</p> <p><i>CdA</i> previously reported that, despite the use of catalogues with recommended prices, premiums are still being added. CdA has</p>	<p>Second movers include agro-dealers and input distributors with signs of significant scale. Agro-dealers include: Chaora, Agrodalton, Sitole, Oruwera, and seven agro-dealers supported by UBS interns. Input distributors include CdA and Bayer.</p>	<p>Customer-oriented pricing gives better and more consistent prices to SHFs, who can afford more and can more effectively plan.</p> <p>Key updates for the quarter</p>

<p>begun to engage with agro-dealers through both phone calls and route technicians to gain feedback. However the process has been slow, as they perceive this topic to be very sensitive. Inova continues to work with CdA to identify suitable strategies to encourage agro-dealers to maintain recommended prices.</p> <p>K2 has continued to provide recommended customer prices to their agrodealers, and monitor them. This roll out is clearly a long-term process that has yet to be expanded and well monitored throughout K2 agrodealers in the country.</p> <p>Bayer recognizes pricing as a sensitive subject. This has led them to commission a pricing study for the following quarter, which will help them to understand how prices can be set with agrodealers.</p> <p>Luteari has shown great progress and success on managing prices. Although they are not directly paying a commission to agents, the agents do gain a commission as Luteari sets different prices for them and for the customers. The price list is displayed at each agent shop, but the main reason for the success is the monitoring and close assistance that Luteari is providing to their agents via their technicians. Agents are gaining around 5 to 10% commission for selling inputs.</p>	<p>Key Updates for the quarter</p> <p>While K2 has only monitored the price list use of those working closely with them, in tandem, the local government has made it mandatory to agrodealers to display prices of products, so they are equal and visible to anyone.</p> <p>Oruvera is preparing to introduce the pre-payment scheme terms for seeds and inputs through the assistance of FtF Inova. This will allow customers to start considering and advance paying for seeds for the next cropping season, meaning they are able to pay for products when they have money from the previous seasons crops, whilst also benefiting from lower prices.</p> <p>Chaora and agrodealers supported by UBS have no significant changes for scale this quarter.</p>	<p>Oruvera's initiative for introducing advance payment for inputs will be specifically targeted at women within buyers clubs, with 160 current members.</p>
---	---	--

<p>Probe IDN 1: Design and deliver customer-centric product(s)/service(s) to improve the value-proposition for farmers and generate more demand from end-customers.</p> <p>Outcome Pathway 2: Improved access to agricultural inputs, services and information.</p> <p>Actors: AIPM, K2, CdA, Oruwera</p>		
Changes in Sustainability	Changes in Scale	Changes in Inclusive Value
<p>-Three firms have adopted customercentric products and services to capture latent demand by improving product offerings and the customer service experience: AIPM, K2, CdA</p> <p>Key updates for the quarter</p> <p>K2 has designed a new calendar as a marketing tool. Whereas previous calendars were designed to be given to companies, these were not reaching SHFs, and distributing calendars to individual SHFs was not viable. The calendars have already been distributed to retailers and some partners. It is expected that farmers will be able to access the information via the retailer shops, while purchasing products from K2 supported retailers. There were about 330 calendars distributed around the country, of which 30 were to Manica province retailers. In addition to that, K2 also distributed production manuals to retailers at their request to be able to provide better advice to farmers.</p> <p>AIPM continues to look for strategic printing companies for their new packaging, expected to be rolled out in the next cropping season.</p>	<p>Oruwera is a second-mover is adopting customer-centric products and services.</p> <p>Key Updates for the quarter</p> <p><i>Oruwera</i>, a second mover, has further developed their packaging options to increase the sales of seeds to women. First, Oruwera introduced seed buckets rather than plastic packages, which provide additional utility to women after the seeds have been used. Second, Oruwera has included measuring lines on packaging, which give a way of women spacing out their seeds without precise measuring tools.</p> <p><i>Oruwera</i> has now finalized the design of women-centered products and is in negotiations with printers to produce these in the next quarter.</p>	<p>More customer-centric products provide SHFs with better information and will lead to higher yields and incomes.</p> <p>Key Updates for the quarter</p> <p>No significant updates as companies continue to roll-out new approaches.</p>

Figure 2. Portion of the K2 calendar distributed. The calendar is co-branded with K2 and CdA brands and distributed by retailers to farmers.

		JAN	FEV	MAR	ABR	MAI	JUN
	Arroz (MACASSANE e SIMAO)	Cobertura 200Kg/ha	6.0ton/ha				
	Milho(OPV) (ZM523, ZM309)	5.0-8.0ton/ha Colheita					
	Milho híbrido(PM) (PRIS 601, PGS61, PGS51)	9.0-10.0ton/ha					
	F Vulgar (BONUS, KWARE, NUA 45)			100Kg/ha			(2.0-3.0ton/ha)
				Sacha	50-75Kg/ha		
	F.Nhemba (IT16/IT18)	20Kg/ha		(Cobertura 25 -50 Kg/ha)	(1.5-2.0ton/ha)		
			Sacha				
	Soja (MWENEZI e LUNDI)			(3.0-4.0ton/ha)			
	Gergelim (LINDI)	3Kg/ha	Sacha	(Aplicação foliar com Micronutrientes)	(1.5-2.0 ton/ha)		
	F.Boer (ICEAP0040 e ICEAP00557)	10kg/ha			(3.0-3.5 ton/ha)		
	Amendoim (NAMETIL e SHINJE)	(Cobertura 50Kg/ha)		(3.0-3.5ton/ha)			

Probe IDN 6: Human centered design to improve customer experiences at retail locations (Leverage non-traditional sales channels to improve distribution presence)

Outcome Pathway 2: Improved access to agricultural inputs, services and information.

Actors: Cantina, Emila Comercial, Empresa de Comercialização Agrícola Ltda (ECA), Novatech and Bayer

Changes in Sustainability	Changes in Scale	Changes in Inclusive Value
<p>The first mover of this intervention was Cantina 2001, who ran a pilot in customer-facing shop layouts and merchandising in November 2019.</p> <p>Key Updates for the quarter</p> <p><i>Cantina 2001</i> continues to run their model independently.</p>	<p>ECA/Novatech, Bayer and Emila Comercial are potential second movers of human centered design innovations, each at various stages of implementation.</p> <p>Key Updates for the quarter</p> <p><i>ECA</i> has begun implementing customer-centric designs, and plan to open shops to customers in the next quarter. These shops are more open than traditional shops and use better external marketing.</p>	<p>The adoption of customer-facing tactics, such as shop design and improved merchandising, signifies a shift in behavior within the market, as businesses increasingly recognize the need to tailor the customer experience towards SHFs to increase sales. For SHFs, a better buying experience results in greater access to products, lower prices, and improved information.</p> <p>Key Updates for the quarter</p> <p>There are no significant updates this quarter</p>

3.1.2 Reflection on Progress and Performance

The use of customer-oriented pricing strategies has revealed that discussions of pricing strategies between distributors and agrodealers are very sensitive. During Inova's work, both Bayer and CdA have not wanted to engage in these conversations, even though the uptake of improved pricing strategies could benefit farmers and increase sales. The reasons for the hesitancy is that these discussions / directives may drive agrodealers to other distributors who do not seek to influence prices. Nevertheless, Lutarei has shown that transparent pricing strategies are possible, if you agree and explain your business model with the agents or retailers you are working with and prioritize monitoring and evaluating adherence to the pricing during implementation.

Relationships between K2 and CdA have been strained. CdA does not necessarily provide the expected levels of service to K2 and are not sufficiently stocking K2 products. This has left K2 less resilient and without alternatives for the distribution of products.

The rate at which Oruwera is expanding their input distribution network is showing signs that strategies that specifically target women are good for business, while also bringing significant benefits to women. Further, Oruwera is benefiting from the trust they have built with these women within the buyers' clubs, to the point that they feel confident that customers will be willing to pre-purchase inputs before the growing season.

3.1.3 Lessons learned

While pricing strategies are known to be sensitive topics, Inova has sought to address these through different strategies. For example, by bringing in catalogues, with recommended prices in them, Inova tested one way of reducing prices for consumers. However, there is evidence that even with recommended prices, many agrodealers still charge premiums. A large part of this is due to poor communication. Distributors, in general, are unwilling to be transparent with agrodealers about the need to increase sales by lowering prices in order to support the additional infrastructure that is being created (through catalogues and pull-distribution systems). This communication is a key part of pricing strategies being implemented with agrodealers. Inova plans to continue to help distributors go beyond initial infrastructure investments and provide agrodealers with technical capacity that enables these agrodealers to understand and follow pricing strategies that lower prices to SHFs.

K2 has been a model for Inova to learn from, where the retailer has faced significant risks due to only having one distributor. Instead, developing retailers' capacity to become distributors offers an alternative, reducing manufacturers' reliance on only a small number of distributors. Competition needs to be created even within thin markets, and Inova is now following multiple strategies with K2 to mitigate these risks.

Going forward, FTF Inova has two strategies to prevent the reliance on fewer distributors, including: 1) developing regional distribution with partners such as Bayer. This work involves upgrading 13 medium level agro-dealers and supporting them to be regional distributors who do not move much and add a lot of resilience to the inputs system and 2) working with three competing multinational suppliers (Bayer, ETG, K2) to develop the input Retail System that works for SHFs. At this early stage, each input firm's

competitive advantage is to create distributors and retailers aligned to them and invested in the distributors/retailers' capacity to expand their outreach to SHF's customer base. Over time, we expect to see the firms competing to promote good practices and competing based on each firm's value to its customers.

The pre-ordering system offers efficiencies and value for input retailers, acknowledging that adaptations may be made along the way, but it does require some time to be embedded into the cultural habits of farmers. Farmers have hardly planned ahead or ordered specific inputs, much less received them at their doors, this is completely new and needs time to be understood in terms of the value it offers them and how to empower them to capitalize on it.

3.1.4 Changes to Strategy

K2 has been a model for Inova to learn from, where the retailer has faced significant risks due to only having one distributor. Developing an existing retailer's capacity to become a distributor offers a complimentary approach, reducing K2's reliance on CdA for distribution of their products. This will mean K2 will have a higher number of distributors to work with and have reduced reliance on CdA.

K2 previously thought they had a successful marketing strategy by distributing calendars to companies. However, these were too expensive to distribute to farmers directly. Instead, they are now planning on distributing these to retailers. This will give farmers the right information when they buy K2 products from supported retailers, at a lower cost for K2.

3.1.5 Key actions

Leverage Luteari's experience on pricing strategies to contribute to the pricing study that is being carried out in the next quarter.

Support CdA to work and strengthen business relationships with agrodealers to ensure sufficient volumes and frequency of deliveries for the sustainability of the trucking routes for input delivery.

Develop case studies on our partner's innovations and disseminate to the market using various communication channels.

Support K2 to implement performance schemes with their retailers and introduce a regional inputs distribution with the best of their retailers.

3.2 Supply Chain Management

The sustainability of models, particularly suppliers clubs, is now reliant on the private sector making small adaptations to ensure models fit within their context. These changes are being observed with a number of different first and second movers, with these changes expected to impact the implementation of supplier's clubs during the next growing season. We have seen additional signs of sustainability within Ka Da Terra's domestic sourcing model, which saw sales of domestically sourced rice far above expectations in COVID-19 times, selling 60% of stored rice in only two months.

Similar to changes in sustainability, while supplier's clubs are being established for the coming season, we have not seen significant changes in scale. However, Ka Da Terra has expanded their distribution channels by going into less formal markets where they can also cater to lower income customers. This model has significant potential to be replicated by others at little additional cost, while providing significantly better products to the informal sector.

With Ka Da Terra's expansion of the aggregation and sale of domestically produced rice, inclusive benefits have been realized for both domestic producers and consumers. Producers have gained access to a new market improving their ability to sell produce and increasing their resilience. Consumers have more choice, while KA Da Terra's latest innovation to bring rice to informal markets has made these products more accessible to those of lower incomes.

3.2.1 Indications of Change and Progress Towards Outcome

Table 5. SCM Progress

<p>Probe SCM 2 - Transparent performance management mechanism with suppliers clubs to increase farmer quality production and loyalty, reducing side-selling.</p> <p>Outcome Pathway 1: Improved terms of sale for agricultural products by smallholder farmers.</p> <p>Actors: Miruku, Olam, Novo Madal, Winnua, METL, Export Trading Group (ETG), AICAJU, Mozambique Cotton Association (MCA).</p>		
Changes in Sustainability	Changes in Scale	Changes in Inclusive Value
Three companies have adopted performance supplier mechanisms: Novo Madal, Miruku and Olam.	<p>Two existing FTF Inova partners intend to scale the supplier club: Novo Madal and Miruku</p> <p>One additional company is adopting the model independently: Agroshawash</p>	<p>FTF Inova partners have increased SHF access to inputs, information, and markets.</p> <p>Key updates for the quarter:</p>

<p>Key updates for the quarter:</p> <p><i>Novo Madal</i> has piloted their supplier club model and is now working to improve and expand it to others (see “Changes in Scale”).</p> <p><i>Miruku</i> is continuing to plan for their suppliers clubs independently within their existing clubs. Research with <i>Miruku</i> has shown that 96% of respondents that were part of <i>Miruku</i>’s Supplier Club are interested in continuing with the supplier club. Further, 75% reported being satisfied with the incentives received, and 60% reported seeing improvements in productivity, citing the use of higher quality seeds and technical assistance as the primary reasons. <i>Miruku</i> has indicated their interest to consider sourcing directly from suppliers clubs 20-25% of their raw materials requirements.</p>	<p>Four second movers have expressed interest: Companies (Ikuru and ETG) and two industry platforms (MCA, AICAJU).</p> <p>Key updates for the quarter:</p> <p><i>Novo Madal</i> has continued the investment in the expansion of the performance suppliers' clubs. Progress this quarter includes refining systems and tools to improve management of the clubs, and finalizing communication and contracts to be signed with farmers. <i>Novo Madal</i> has also begun negotiating with <i>GreenFingers</i> to acquire software to manage suppliers better. Signing contracts with farmers, and the dissemination of communication materials, are expected in the next quarter.</p> <p>While <i>JFS</i> is in the process of taking over the work of Olam with suppliers performance clubs, FTF-Inova conducted a satisfaction survey with members. This found that, despite Olam not concluding the rewarding process, suppliers continue to implement the good agricultural practices, introduced as part of the club’s selection criteria even without signed contracts and defined incentives. The findings were shared with JFS general manager to demonstrate the value of continuing to promote the supplier's performance approach.</p> <p>Facilitated by <i>PROMOVE</i>, <i>AICAJU</i> held an event to discuss the challenges in the cashew sector affecting the processors. At the event, <i>AICAJU</i> explained that in collaboration with FTF Inova, it will be training supply chain managers in performance supply management and sharing lessons learned from the supplier club model in other sectors. As a result, eight processors indicated their interest in participating in the training. However, since then FTF Inova has agreed that we will first focus on developing a training module in a co-creation process, to ensure that the module fulfills the processors expectations. The co-creation of the module will be hosted by <i>ETG</i>.</p>	<p>While <i>Novo Madal</i>’s initial plan was to target 9,560 farmers, the company is now considering reaching 4,600 farmers (60% female) due to COVID-19 related limitations. These SHFs will receive input on credit, technical assistance and access to a market offering better terms.</p>
--	---	--

	<p>FTF Inova, participated in a workshop hosted by AICAJU and facilitated by GIZ, to discuss with the cashew processors current challenges in the cashew sector and brainstorm firm-level growth strategies. During the meeting, FTF Inova administered a questionnaire to inform the content of practical training to improve processors' supply chain efficiency through investments in a performance management scheme.</p> <p><i>ETG</i> has adopted and customized AICAJU's guidelines and is now in the process of implementing a pilot training for Supply Chain Managers. These trainings will support the roll-out of supplier's clubs with a target of 900 SHFs, with 161 already identified.</p> <p><i>MCA</i> is awaiting confirmation from their members before they are able to run a dissemination event.</p> <p><i>Ikuru</i> is a new second mover who is receiving technical support from Inova on how to implement aspects of the suppliers clubs. As a result, Ikuru is restructuring the way they give incentives and rewards (financial and nonfinancial) to farmers and are planning to implement suppliers clubs with 2,700 farmers of maize and soybeans in the next season.</p> <p><i>Agroshawash</i> is a cotton company based in Tete province and will be buying 450 tonnes of cotton in Cahora Bassa district from 235 farmers organized in 4 suppliers clubs.</p>	
--	---	--

Probe SCM 6 - Targeted branding and sourcing of minimum quality standard in domestic markets to increase market access and satisfy latent demand.

Outcome Pathway 3: Improved quality and quantity of relationships amongst agricultural market actors.

Actors: Ka Da Terra, Mozambique Good Trade (MGT), VIP Spar, Five Star.

Changes in Sustainability	Changes in Scale	Changes in Inclusive Value
<p>Two actors are testing models that aim to increase the sale of domestic produce: Ka Da Terra and MGT</p> <p>Key Updates for the quarter</p> <p><i>Ka Da Terra</i> sold 12 metric tonnes of rice (more than 50% of stock) in 2 months and managed to reach distribution agreements with 3 large wholesalers and retailers (Terramar Bagamoio, Premier Group, Pierre Guirra Sociedade Unipessoal Ltd) and 4 micro-retailers (Barracas Amakene Magoroe, Benilde Castro, Mimishak and Choupal Bottle Store) who are able to reach lower income customers. The supermarket is at the final stage of registering the rice with the Shoprite group, Armazéns Atlânticos and with COGEF Trading wholesaler, with a pre-order of 30 metric tonnes. These steps have clearly demonstrated the potential for commercial gains from the model for Ka Da Terra.</p> <p>Since the beginning of the COVID-19 restrictions in the country, <i>MGT</i> halted the partnership negotiations.</p>	<p>FTF Inova is working with one first-mover: Ka Da Terra.</p> <p>FTF Inova is working with three second movers: VIP Spar, Five Star and Adicional.</p> <p>Key Updates for the quarter</p> <p><i>Ka Da Terra</i> has seen significant demand from wholesalers to purchase rice, and the quick sale of produce in storage is putting pressure on Ka Da Terra to expand its supplier base. However, in the last quarter, Ka Da Terra has not been able to expand their supplier base. This search will continue in the next quarter. The supermarket is also expanding the variety of local produce they sell, by bringing beans, garlic and potatoes from Niassa in the next quarter.</p> <p><i>Adicional</i> has now established a company that is focused on the business of aggregating and selling fruit and vegetables, which is being supported by a consultant. However, in the current format, Adicional has not been able to scale-up their aggregation.</p>	<p>Targeted branding and implementing standards with domestic products is increasing market access to SHFs.</p> <p>Key Updates for the quarter</p> <p><i>Ka Da Terra</i> has a contract with a local off-taker (Impere) who aggregates produce from 36,500 SHFs.</p> <p><i>Ka Da Terra</i> has also implemented a sales strategy that supplies products to informal markets (<i>Barracas</i>) to improve sales while also providing consumers with the ability to purchase smaller quantities. These <i>Barracas</i> that normally re-sell imported goods, are located in the community where KDT operates (with about 500,000 residents with no easy access to affordable goods).</p>

3.2.2 Reflection on Progress and Performance

- 1 COVID-19 related restrictions continued to limit progress in the completion of some pilots. For example, regulations requiring the early closure of shops in January affected Ka Da Terra sales. This is an ongoing stressor upon Ka Da Terra. Further, Ka Da Terra also shared challenges working with the local aggregator Impere to process large volumes on a timely basis, which is also impacting their business.
- 2 Miruku Agro-Indústria, values the contributions of performance suppliers clubs to their business model which enhances trust and loyalty. Miruku is now considering to source 20-25% of their raw materials directly from this supply chain mechanism, motivated by the fact that farmers are self-organizing into suppliers clubs, e.g. three new clubs were created by referral from other farmers. Overall, the clubs improve the quality of raw materials produced.

3.2.3 Lessons learned

- 1 Although Inova has continued to prioritize building relationships, the difficulties Ka Da Terra is having with Impere has highlighted that relationships need to be a constant priority for businesses. Inova is using lessons learned from previous supplier performance mechanisms to strengthen the long-term relationship between Ka Da Terra and Impere.
- 2 While Adicional has been purchasing agricultural produce from farmers in rural locations, agrodealers have observed increases in the purchase of inputs by SHFs. This is because, if a farmer has a market they are able to sell to, they feel more confident in buying inputs to increase production. Whilst Rota Certa is providing farmers with inputs (within Input Distribution), Adicional is providing an additional market for farmers' produce. This provides a positive loop which encourages farmers to buy more inputs, sell more produce, and finally results in their improving incomes.

3.2.4 Changes to Strategy

- 1 To address the challenges faced as a result of COVID-19 restrictions on shop opening times, Ka Da Terra focused on selling products, primarily rice, through alternative channels. Inova helped to develop an overall strategy, highlighting different sales channels to be explored, and as a result Ka Da Terra began selling rice through Barracas in informal markets. This rice is sold from open cans in small quantities, making products more accessible to lower income consumers, and improving the resilience of Ka Da Terra's sales. Additionally, Ka Da Terra is supplying supermarkets and other distributors and is segmenting its customers and using tailored marketing strategies for each segment.

3.2.5 Key actions

2

Ka Da Terra's pilot for the sourcing and retail of domestic products will be completed this quarter, which we expect to be successful. With the project in the final year, an exit strategy will be implemented starting this quarter, by reducing the level of support to Ka Da Terra, whilst disseminating the proven evidence of the pilot with a larger audience to boost replications.

3

ETG will roll out performance suppliers clubs with the delivery of incentives to participants farmers by facilitating access to high quality spray service to club members. FTF Inova will continue to follow-up discussions between ETG and IAM in the identification and selection of high performing spray service providers to be linked to the ETG supply mechanism.

3.3 Support Services

FTF Inova's Supporting Services portfolio continues to show signs of creating change within actors' behavior. Previously, there was very little interest shown by supporting service providers in the agricultural sector, and similarly there was little demand for services by firms in the agricultural sector. However, in this quarter we have continued to see signs that support services can be offered in a sustainable way. For example, 5 out of 10 shops supported by UBS interns are continuing to invest in the innovations, both in terms of establishing tools to manage them and expanding the area of implementation. Further, the pilot proved that the agri-sector can offer career/business opportunities to students and the word-of-mouth experience-sharing on campus is increasing the interest of UBS students in the sector, witnessed through increased number of applications submitted for internship recruitment for the potential partnership with ETG. Other services are also seeing increased demand, with Tangerine having onboarded two agricultural clients without subsidy onto their platform, with plans to increasingly market their services within the agricultural sector.

Evidence of reaching scale is still not strong, however there are examples of improving sustainability leading to greater scale. For example, UBS is investing in attracting new business partners for their intern scheme and are looking to expand the services they provide beyond the current input distribution areas and into supply chain management.

The support services provided to agricultural businesses, which help them to better serve SHFs, creates inclusive value indirectly. For example, UBS interns helped to onboard 2,000 farmers onto agrodealers' databases, meaning their needs could be better understood, and products could be better tailored to these needs.

3.3.1 Indications of Change and Progress Towards Outcomes

Table 6. SSS Progress

Probe SSS1: Marketing firms develop and provide services for agribusinesses to facilitate access to a new set of agri-based clients, expanding retail to the SHF better. Outcome Pathway 1: Improved terms of sale for agricultural products by smallholder farmers. Actors: Tangerine, Forcier		
Changes in Sustainability	Changes in Scale	Changes in Inclusive Value
Two firms, Tangerine and Forcier, have tailored their service offers based on emerging opportunities and the lessons drawn in previous assignments with CdA on their communication plan, AIPM on branding strategies, and an assessment for the market demand for aflatoxin-free groundnuts.	Tangerine is expanding its services in brand awareness analysis, marketing, and customer service support with a new set of input suppliers and retailers who see their future in having a long-term relationship with	Branding, marketing, and sales strategies that focus on catalyzing agricultural firms' growth, improving agricultural firms' outreach, loyalty, and satisfaction of the SHF segment.

<p>Key updates for the quarter</p> <p><i>Tangerine</i> has now been able to onboard two fully paying customers to their platform, Agriterro and CIM. This is a significant achievement and proves the agricultural sector can be a viable market. Further, Tangerine has identified a number of possible clients, who they are in varying levels of discussions with in order to develop affordable service packages for using the Cultiva platform. These include Syngenta, K2 and ETG.</p>	<p>service firms and with SHFs.</p> <p>Key updates for the quarter</p> <p><i>Tangerine</i> has been encouraged by the recent growth in paying customers and, due to this, is in the process of restructuring their company to formally create an Agricultural portfolio. To support this, Tangerine has employed a person to fully manage the relationships and creation of more clients in the agricultural sector. This is encouraging and is a sign of the effort put between the parties to introduce Tangerine's service to the ag sector.</p>	<p>Key updates for the quarter</p> <p>There are no significant updates.</p>
---	--	--

<p>Probe SSS2: Develop low-cost market-driven services to the agriculture sector improving value offered to customers, suppliers, and building the workforce.</p> <p>Outcome Pathway 2: Improved access to agricultural inputs, services and information.</p> <p>Actors:</p> <p>Universities: Universidade do Zambeze; Universidade Eduardo Mondlane- Faculty of Agronomy; UniLurio Business School-UBS; Catholic University (UCM)- Faculty of Engineering; High Polytechnic Institute of Manica-ISPM.</p> <p>Agro-dealers: Hélder Comercial, Armazéns Gabriel, Ákila Agro-clínica, Chipangue & Filhos Agro-dealer, Agro-dealer Maleiro, Olima Farms, and four João Agricultor franchisee shops.</p>		
Changes in Sustainability	Changes in Scale	Changes in Inclusive Value
Two academic institutions have incentivized students to explore internship programs to rural agricultural	One existing partner has expanding their model for internship programs: UBS	Higher Education Institutions' (HEIs') investments are building

<p>enterprises and are investing in the students' training and supervision: UBS and UCM.</p> <p>Key updates for this quarter</p> <p>UBS has documented the following results of the internship program pilot:</p> <ul style="list-style-type: none"> ● Two agro-dealers who embedded innovations reported increased business volume and value to their customers; ● Three agro-dealers invested in purchasing laptops to improve data management; ● One agro-dealer replicated the innovations introduced by interns in two new branches. <p>These findings indicate the recognition of the value that these interns have for businesses.</p> <p>UCM is enhancing the intern scheme it is running by developing a website for engagement with agri-firms. This online platform will be live by end of April or beginning of May and will promote the following services:</p> <ul style="list-style-type: none"> ● Research, internships and short courses such as inventory management or accounting; ● Events with lectures and guest speakers for career advice and workshops on resume preparation and interview skills; ● An online newsletter updating the agricultural sector on the impact of the services offered by the university; ● Online platform to track the results and opportunities created through the online engagement platform; ● A job recruitment portal. 	<p>Key updates for this quarter</p> <p>UBS is preparing a marketing event of its services in mid-May to use documented results to attract more demand for its services. This will allow UBS to attract more businesses and give opportunities to more students. Based on encouraging results this year, UBS has also designed a six-month project to test more innovations, document the value these create, and use this to attract more businesses to support internships, offer employment opportunities and pay for affordable junior consultancy in the future. In total, UBS is hoping that the expansion of this scheme will allow 60 students to complete internships with approximately 50 businesses in 2021, an increase from 16 interns with 10 businesses in 2020.</p> <p>UBS and ETG have developed a list of candidates to roll out the new customer-oriented sales growth strategy and are awaiting ETG confirmation of the selected interns.</p> <p>UBS and Easiseeds have reopened their relationship and have facilitated a training for the 9 interns (4 female) to establish demo plots so they can start their role as the company stockists with their own network of VBAs.</p> <p>UBS and Bayer have also begun a relationship, wherein Bayer is seeking services of interns to provide training to Bayer's network of agro-dealers and hub-dealers, as well as to support demand activation activities.</p> <p>FTF Inova has also supported companies like Bayer to develop internal capacities with simple marketing tactics that are being shared with their agrodealers and hubdelars as a way to expand this service.</p>	<p>the agricultural sector's resilience, with non-agricultural HEIs focusing investments in curriculum development and students' internships to strengthen the sector.</p> <p>Key updates for this quarter</p> <p>UBS services contributed to 2,000 farmers being registered in agro-dealers databases and benefiting from customer-oriented business tactics that add value to their customer experience.</p> <p>Additionally, two students have now begun their own businesses. One is a regional representative of Easiseeds, and the second opened an aggregation business.</p>
--	---	--

Probe SSS3: Transportation and logistics agriculture support services help companies reduce costs and enable more cost-effective transportation services for distribution to the last mile SHF.

Outcome Pathway 2: Improved access to agricultural inputs, services and information

Actors: Appload, Adicional, Ecotri

Changes in Sustainability	Changes in Scale	Changes in Inclusive Value
<p>Three firms have adopted new transport and logistics service offers to increase distribution to the last mile.</p> <p>Key updates for the quarter</p> <p><i>Appload</i> is continuing to establish itself by engaging potential customers in different provinces of the country. In this quarter they focused on Manica and Tete provinces by presenting and launching their platform to the Association of Manica transporters, Mozambique American Tobacco (MLT) ECA, Max Moz and Westfalia.</p> <p>Appload's pricing study has been finalized, and found logistics prices vary depending on the season, for example with higher and lower prices at different times. Appload is currently exploring how to implement some of these recommendations.</p> <p><i>Ecotri</i> is continuously trying to facilitate access of tricycles for the distribution of inputs by agro-dealers. However, the financial impact of COVID-19 has meant most agro-dealers do not have the capacity to purchase tri-cycles. Alternative financing mechanisms that are being designed are covered within probe SSS4.</p> <p><i>Adicional</i> was involved in delivering logistics services to SUSTENTA on input distribution and did not manage to roll out the backhauling routes. However, the company will resume next quarter.</p>	<p>One first mover has begun to expand their supply of transport and logistics services.</p> <p>Key updates for the quarter</p> <p><i>Adicional</i> is looking to set-up meetings with additional input distributors. To date, Adicional has conducted meetings with ETG.</p>	<p>Increasing modes of transport and improved coordination among transportation and logistics firms will enable more cost-effective distribution to SHFs further in the last mile.</p> <p>Key updates for the quarter</p> <p><i>Adicional</i> has completed the implementation of the pilot. The lessons from the pilot suggest that scheduled collection of products, fair price and guaranteed market create incentives for the smallholder farmers to increase volumes and margins that range between 5.0Mt/Kg to 5.5Mt/Kg.</p> <p>From the systems level, eleven routes that coincide with the main fresh produce markets in the city of Nampula were developed and Adicional supplied vegetables to 20 urban retailers.</p> <p>From the retailer's perspective, we found a reduction of transport, cost, and time saving to be key benefits from this engagement. Over the period of the pilot,</p>

		<p>Adicional sold products valued 215,090.00 (two hundred and fifteen thousand and ninety meticais). 83 producers in the districts of Malema and Ribáuè were engaged in this arrangement and they pointed to savings in transport cost and price as key benefits of participating in this system. Eight agro-dealers were involved in this scheme, managing the orders and aggregating vegetables from the producer. One agro-dealer was also able to expand his network of vegetable suppliers. This quarter, Adicional has resumed purchasing and distributing vegetables.</p> <p>The next step is to draw lessons from the experience of using the backhaul space to help farmers and vendors to access market for vegetables in Nampula.</p>
--	--	--

Probe SSS4: Applying financial service solutions through agribusiness partners allows expansion of products and services to more rural areas and improves access to technologies for SHF.

Outcome Pathway 2: Improved access to agricultural inputs, services and information.

Actors: Absa, Ecotri, Prodeca, buyer check-off credit (Nova Modal, Miruku, Olam), CdA, Vodacom.

Changes in Sustainability	Changes in Scale	Changes in Inclusive Value
<p>Seven partners are in the early stages of adopting lower risk financial products.</p> <p>Key Updates for the quarter</p> <p><i>Ecotri</i> has engaged Standard Bank to support financing of tricycles to facilitate access by agro-dealers or individual SHFs. Discussions for the formalization of this are ongoing.</p> <p><i>Ecotri</i> is supporting this by developing due diligence documents in order to screen and identify potential agro-dealers that will benefit from the flexible payment scheme so that the initiative will be sustainable and be sold using the same funds to reach out to more agro-dealers that have the potential to benefit from the scheme.</p> <p><i>Vodacom</i>, with the help of FtF Inova, has started contacting agricultural sector actors to introduce the Connect Farmer Platform. FTF Inova originally provided Vodacom with 15 potential clients, and whilst Vodacom is conducting these meetings, Inova will continue to facilitate relationships where appropriate.</p>	<p>One second mover is expanding financial service solutions.</p> <p>Key Updates for the quarter</p> <p><i>Ecotri</i> has increased their offering to attract more customers by creating a partnership with Indico Insurance. This brings insurance to all customers of tricycles, an additional service that is not common in the market.</p>	<p>Input suppliers to agro-dealer finance are improving input retailers' access to inventory, and buyers' check off credit is increasing SHFs' access to inputs. Prepayments and layaways are making it possible for agribusinesses and SHFs to make cash-based purchases. Reduced trade finance rate products can increase the cash flow to agriculture businesses engaging with SHFs as suppliers or producers.</p> <p>Key Updates for the quarter</p> <p>No significant updates this quarter.</p>

Probe SSS5: ICT-Enabled inventory and digital payment solutions for agribusinesses allows for better inventory and customer management practices that facilitate better services to SHF as customers.

Outcome Pathway 2: Improved access to agricultural inputs, services and information.

Actors: Green Fingers Mobile (GFM), XR Global and Kuza One.

Changes in Sustainability	Changes in Scale	Changes in Inclusive Value
---------------------------	------------------	----------------------------

<p>Three firms are in the early stages of adapting their ICT platforms for inventory, customer and supplier management, and extension support to SHFs. With FTF Inova's support, they are marketing their platforms as solutions for agriculture market actors.</p> <p>Key Updates for the quarter</p> <p><i>XR Global</i> has submitted a video module which will be used to train Unilorio Business Interns and Bayer hub-dealers / agro-dealers. This training will happen in the next quarter. The results from this first round will be used to further improve the module, before being rolled out to all Bayer hub-dealers and agro-dealers (approximately 200).</p> <p><i>GFM</i> is expanding its linkages to various agricultural sector players in Mozambique. Outside the discussions with Bayer, which are ongoing, <i>GFM</i> has engaged with Novo Madal in relation to a coconut out-grower scheme working with more than 1,000 SHFs. Novo Madal needs an ICT solution to monitor, track and manage their farmers, and technical discussions and planning are currently on-going.</p>	<p>N/A.</p> <p>Key Updates for the quarter</p> <p>Based on their experience in partnering with UBS, Bayer has anticipated that it will engage ISPM students in Chimoio, to help them to roll out the training in stock and inventory management to their network of hub-dealers and agro-dealers.</p>	<p>Investments in ICT will lead to improved management of business processes to better serve and reach SHFs. The use of ICT for training will also help agriculture businesses continue with farmers' training while maintaining social distancing in the COVID-19 context.</p> <p>Key Updates for the quarter</p> <p><i>XR Global</i> has already produced the video training module which will feature four different languages (Portugues, Macua, Sena and Changana). Bayer paid for the additional language, changana. Training for the UBS interns and Bayer Hub dealers and agro-dealers in Nampula and Chimoio, was postponed for the next quarter because the consultant tested positive to COVID-19.</p>
--	--	--

Probe SSS7: The recognition of good business practices in the form of public awards and rewards can serve as a vehicle to drive quality improvements in specific agricultural sectors.

Outcome Pathway 1: Improved terms of sale for agricultural products by SHFs.

Actors: APROSE, AICAJU, Mozambique Cotton Association (MCA).

Changes in Sustainability	Changes in Scale	Changes in Inclusive Value
---------------------------	------------------	----------------------------

<p>Three business groups have shown interest in promoting or supporting their members' replication of successful innovations tested by FTF Inova.</p> <p>Key Updates for the quarter</p> <p><i>APROSE</i> has been working with FTF Inova to process and analyze data from the USSD voting process. While this has been led by Inova, APROSE has played an increasing role, building their capacity to be able to run these competitions in the future. Currently the results of the data analyses have been sent to the APROSE'S judging team after which the winners will be announced.</p> <p>The data capture and analysis was a significant undertaking. <i>APROSE</i> is planning to have a “lessons learnt” session in advance of planning for the seed competition for the next year. Key lessons for <i>APROSE</i> include the importance of effectively targeting voters who are genuinely in the agricultural sector.</p>	<p>One first mover is showing signs of expanding the recognition of good business practices.</p> <p>Key Updates for the quarter</p> <p><i>APROSE</i> is preparing to draw additional private sector partners to implement the activity based on the lessons learnt and experience achieved.</p>	<p>Existing business groups with a commercial orientation are an avenue for FTF Inova to scale successful innovations to a large number of agriculture firms that work with smallholders as customers or suppliers.</p> <p>Key Updates for the quarter</p> <p><i>APROSE</i> has been able to gather data and analyze votes from 4,000 individuals. These have given significant feedback to seed companies and will drive future innovation.</p>
---	--	---

3.3.2 Reflection on Progress and Performance

COVID-19 related restrictions also continued to limit performance of our partners in the support services functions. Closure of educational institutions in January and February led to halting engagement of students in the testing of innovations.

FTF Inova has seen that businesses within the Support Services market are increasingly engaging more with the agricultural sector, whilst at the same time there is increasing interest by the agricultural sector to engage with support services providers. For example, ICT support service providers are investing in platforms that target agricultural companies, who in turn are recognizing the value of such platforms for their business. Similarly, educational institutions are investing in marketing their services to businesses who have seen value from the advisory services that have been offered. This is a significant behavioral shift within the market and is leading to greater specialization and resilience.

3.3.3 Lessons learned

There is a need for more remote options for engaging with the private sector, made clear by the negative impacts that COVID-19 restrictions have had on the private sector. Inova has worked with UCM to respond to this by using an online platform for private sector engagement. This allows UCM to continue to develop relationships despite COVID-19 restrictions and could provide a model for other businesses as they seek to reduce the risk of further restrictions.

There is continued need in the time frame remaining to work more in strengthening relationships between support services providers and agricultural sector players. FTF Inova has seen positive results in some areas already. For example, the increase in interest from ICT firms to work in the agricultural sector and the equal interest from agricultural sector players in the solutions being provided. This will continue to be a focal point, as sustainability of support services markets relies significantly on the relationships built between core firms and service providers.

3.3.4 Changes to Strategy

Inova is also working with UBS to increase their ability to engage with the private sector remotely by facilitating a relationship with XR Global.

3.3.5 Key actions

FTF Inova will prioritize helping UBS to package a business case and market its services to a large audience to gauge agri-firms willingness to pay for their services. Also, FTF-Inova will focus on the assessment of a grant application by UBS, which will enable them to expand their pilot into supply chain innovations (as opposed to their current focus on input distribution). With UCM, FTF-Inova will assist the university to complete the development of the online platform for engagement with agri-firm and organize the first job fair responding to agriculture market needs.

More generally, as the project progresses, and reaches the end, INOVA will invest more time and effort into brokering and strengthening relationships. These are key for the sustainability of partnerships between support service providers and businesses in the agricultural sector.

3.4 COVID-19 Grants

3.4.1 Indications of Change and Progress Towards Outcomes

FTF Inova seeks to increase equitable growth and incomes in the agriculture sector in Mozambique by stimulating purposeful business innovation and investment. FTF Inova leverages the Challenge Fund to strategically buy down the risk of innovation through “**FutureFood** - 1st Mozambique Supply Chain Innovation Challenge - Supporting Innovations to Strengthen the Local Food Supply Chain in Mozambique”.

In the face of COVID-19’s economic consequences for Mozambique’s agricultural sector, the project adapted its FY2020 work plan to focus on supporting the agricultural sector to weather the pandemic and emerge more resilient to the next shock while simultaneously bringing the project’s most successful partnerships to greater scale.

Key Achievements for the quarter:

- FTF Inova released the initial FutureFood application form and received 48 applications in the initial round. Applications were received from both existing Inova partners and new organizations and firms that Inova has not partnered with previously. The initial application was kept simple to encourage participation from actors that are not familiar with the donor model and might be intimidated by the complexity of a full RFA. The application focused on two main pieces: 1) What innovation are you proposing and how would it help support business objectives? 2) What is a rough estimate of cost for implementation?
- FTF Inova reviewed all 49 applications and selected 10 semi-finalists who proceeded to the pitch event which is hosted by Fundaso. We selected the 10 semi-finalists that met the following criteria:
 - Innovative activity that could be applied to the larger market;
 - Activity could reasonably be accomplished within the FutureFood time frame;
 - Activity is well suited to a one-time grant and not better suited to the traditional Inova partnership model.
- Together with Fundaso, we selected a panel of judges who judged applicants’ pitches during a day-long event. Judges used a rubric that Inova created to help guide a final selection that is consistent with Inova and FutureFood’s overall goals. Judges included: Six Inova team members who attended the pitch event and asked questions but did not influence the selection. The objective is to transfer ownership of the FutureFood event to local partner Fundaso so that they can continue to run it in future years. It is harder to instill that sense of ownership if Inova team members are driving the external facing pitch event.
- Using Inova’s existing RFA template, we have created an RFA specific to the FutureFood grant that selected winners of the pitch event. We shared the template with semi-finalists so they can begin to prepare necessary documentation at their discretion in an effort to speed up the grant making process once winners are selected from the pitch event.
- Our team has created a list of 28 potential procurements under the FutureFood grant and released an EOI for these potential goods and services. Once grantees have been selected and approved, we can finalize procurements more quickly since the team has already started the due diligence process.

3.4.2 Reflection on Progress and Performance

Inova has focused the bulk of our efforts on fostering local ownership of FutureFood. Based on successful public events catalyzed by other USAID programs, by positioning USAID as a sponsor of a local event as opposed to the event owner itself, USAID can be better positioned to engender local ownership, to support the “Made in Mozambique” message and Mozambique’s Journey to Self-Reliance. As a result, the timeline to award grants has been pushed back to accommodate our strategic partnership with Fundaso as a host of the FutureFood Innovation Challenge. We are now in a place where Fundaso has created a marketing approach, planned the pitch event, and selected judges. Fundaso provides a depth of understanding and credibility that we would miss if we stuck to the initial award schedule.

3.4.3 Lessons Learned

When designing the initial application form, we left the questions intentionally open-ended in order to capture a range of innovations from different firms. As a result, we received several applications that responded to our questions in only one sentence. These applications did not provide sufficient information for us to evaluate so we had to reject these applications. Providing a suggested length of response might have avoided this problem.

As part of our efforts to publicize information about FutureFood, Fundaso has filmed profiles of each of the semi-finalists and their proposed innovation that will be broadcast in Mozambique. One of the semi-finalists, Deca, approached us to let us know that they consider their innovation proprietary and are not comfortable with any external broadcast of their innovation. To address these concerns, we did not film a profile of Deca and will not share their pitch externally. In the future, we should make it clear that external broadcast is part of the requirements to participate in FutureFood as part of larger efforts to share market innovations.

In order to capture a variety of innovations and different organizations, there were a few existing Inova partners that we did not select as semi-finalists for the FutureFood grant. Applicants were evaluated specifically on their proposed innovation and how well it responded to the FutureFood prompt, not evaluated based on their overall efficacy as an Inova partner. In the case of Appload, this caused some confusion and concern since they are a long-term Inova partner, but we did not select them as a FutureFood semi-finalist. We responded to Appload directly to clarify that Inova is still invested in the work conducted with Appload but felt that continuing to develop this partnership through the existing Inova partnership model made more sense than switching to a FutureFood grant in their case. In the future, it should be made clear that FutureFood works in tandem with Inova’s goals but that the Inova partnerships and FutureFood grants are not one and the same.

3.4.4 Changes to Strategy

Earlier, we planned to release an APS that anyone could apply through to be considered for the FutureFood grant. We quickly learned that the APS was too dense with confusing compliance elements that would discourage the kinds of market actors that we wanted to apply for the fund. We changed our approach to use Inova's typical APPA form to collect technical and budgetary information that could be used to narrow the field to a list of finalists that Inova could help guide through the full RFA application and corresponding compliance process. We are using an RFA in this case (as opposed to the original APS) because we know the innovations that each candidate has proposed and how it responds to the FutureFood prompt.

Initially, we planned to have the Partnership Manager and the Challenge Fund Specialist manage the grantees from the semi-finalist stage through grant management. Portfolio Managers would support as needed during the technical co-creation process and pause and reflect sessions for grantees. However, we decided to change this structure and assign a PM to each semi-finalist. PMs can act as a liaison for each semi-finalist, answer any questions they may have and drive the co-creation process during formal RFA response. This avoids any potential conflict of interest that would arise from having a PM who helped a finalist respond to the RFA also serve as a member of the evaluation committee. By devoting one PM per semi-finalist, we can also have continuity of communication issues that could arise from having multiple PMs work with a single semi-finalist.

3.4.5 Key actions

Fundaso, with Inova's support, hosted the final pitch event that took place on April 9th via Zoom. All semi-finalists have been given a time slot during which they will present to the judging panel. Judges scored all pitches and the candidates with the highest scores will be chosen as winners. The exact number of winners depends on how many grants need to be given to reach the \$475,000 available under FutureFood but we anticipate 4-6 winners.

4 Collaborating, Learning and Adapting

4.1 Operational Environment

The Government of Mozambique's Ministry of Agriculture and Rural Development (MADER) continued to provide subsidies for agricultural equipment and inputs under SUSTENTA 2020- 2024, the agricultural \$250M program funded by the World Bank, which is intended to advance the National Strategy for Development, Transformation, and Industrialization (Plan 20/24), and is guided by the Agriculture and Rural Development Sector Strategic Development Plan, and other national development policies. Several actors in the agricultural sector have raised concerns during the quarter that SUSTENTA is affecting their ability to pursue different innovations in the sector. Given how thin the market is, when a subsidy program needs the transportation services, for instance of an actor like Adicional, they can pay the agribusiness sector to deliver government priorities (240 tonnes of inputs for Sustenta in Malema and Ribaué) rather than testing more private sector driven innovations (like aggregating vegetables for sale in local markets). In the following quarter, the Market System Development working group will convene several agricultural sector actors from the private, public, and donor community to discuss how best to support the development of the private agribusiness sector.

Recently, the authorities in Manica have positively evaluated the results found in agriculture under the SUSTENTA project.² According to data recently released by the Government of Mozambique,³ approximately three hundred thousand farmers in the family sector have submitted business proposals for access to the SUSTENTA Program credit. In fact, the number of proposals submitted exceeded initial projections by more than 100 percent. In this group of farmers, more than seventy thousand families are from the province of Zambézia who intend to implement conservation agriculture projects for food security and income in the 2020-2021 campaign. In addition, the Ministry of Agriculture and Rural Development reported that at the country level, four thousand extension workers will be trained in techniques aimed at increasing the production of food crops and income.

In January, at the Ministry of Agriculture and Rural Development, an agreement was signed between the National Fund for Sustainable Development (FNDS) and the Mozambique Merchandise Exchange. The agreement aims to create a trading platform that seeks to integrate emerging Small Farmers and Anchor Companies into the value chain in order to find a market for their production within the scope of the SUSTENTA project. The objective of this cooperation is to reduce market information asymmetries in order to ensure that producers throughout the country have access to price information practiced in the negotiation of goods, as well as to provide an organized and transparent environment for commercial relations between sellers and buyers.⁴

Regarding the context of the COVID-19 pandemic, the Government of Mozambique has eased some restrictions this quarter, even though the country has progressed slowly in the vaccination campaign. The government has been studying the possibility of adopting the scheduling of the opening hours of public and private establishments, in addition to the resumption of meetings and religious celebrations with a small number

² <https://www.agricultura.gov.mz/autoridades-de-manica-avaliam-positiva-a-implementacao-do-sustenta/>

³ <https://www.portaldogoverno.gov.mz/por/Imprensa/Noticias/Perto-de-300-mil-agricultores-submetem-pedidos-de-credito-ao-Programa-Sustenta>

⁴ <https://www.agricultura.gov.mz/assinado-memorando-de-entendimento-entre-fnds-e-o-bolsa-de-mercadorias-de-mocambique-bmm/>

of people. In early March more than eight million students return to face-to-face classes, respecting an atypical context with division of classes and alternating groups.⁵

This quarter was also marked by the Eloise cyclone, heavy rains and the consequent increase in the level of rivers during the month of February. The cyclone left approximately 2,000 homes destroyed and more than 10,000 people homeless in the Manica region. However, it is too early to fully assess in detail the impact of these natural disasters on the agricultural sector.⁶

4.2 Collaboration with other stakeholders

- FTF-Inova presented and discussed the mid-term evaluation recommendations with USAID for guidance on the way forward. We presented three examples from the inputs, supply chain, and support services, showing how we are achieving scale and our response to the Mid-Term Evaluation recommendations.
- FTF Inova supported CdA to design a survey to better understand the needs of its retail network where input distribution via tracking routes is already in place. The survey will inform the additional investments CdA needs to make to increase the demand for agricultural inputs from retailers. The survey started in early April 2021.
- A survey was carried out in December last year to the beneficiaries of the company's return services, which included producers, aggregators, agrodealer and Adicional customers and aimed to determine the level of satisfaction of these beneficiaries. In this research, it was found that the return services of Adicional were very useful for all these beneficiaries and they were very satisfied. The small producers were satisfied, as they produced with market guarantee and at fair prices without risk of losses, as Adicional had a collection schedule. On the other hand, its sales increased 19%, compared to the previous scenario. Agrodealers, who were also aggregators, were also satisfied because the sales volumes of inputs increased by 20%, with great demand for their products by the small producers who had their product market guaranteed. For customers, they also show their satisfaction as they have considerably reduced their operating costs because the return services from Adicional brought the product to its point of sale without much cost. However, in the follow-up carried out in March this year, there was a great concern on the part of these beneficiaries, due to the absence of these services in the period from January to March. For Agrodealers, for example, their sales of inputs decreased, continuing in the previous scenario and producers started to lose confidence with the Adicional company. When we contacted the company to find out about the lack of services, the company explained that in the period from January to March, they had a contract with the Sustenta Government program, to supply 240 tons of inputs to small producers in the districts of Malema, Mecuburi, Murrupula and Ribaue with a sales volume of 2 million meticais. This caused them to interrupt the return service with the Aggregators. After this operation, Adicional is surveying the products with the aggregators to continue with these services. The return services of the Adicional company benefit 2,000 small producers, 11 agrodealers and 10 clients (sellers in the Nampula city markets).

⁵ <https://www.portaldogoverno.gov.mz/por/Imprensa/Noticias/Mocambique-COVID-19-E-Facto!-Alunos-Da-12a-Voltam-A-Escola>

⁶ <https://www.dw.com/pt-002/mo%C3%A7ambique-eliose-deixa-10-mil-sem-casa-em-manica/av-56397033>

- The company JFS (Joao Ferreira dos Santos) is the new cotton producer in the districts of Ribaue and Malema, previously owned by OLAM. Last year OLAM adopted the “best producer club” approach with the aim of increasing productivity and improving the quality of cotton for small producers. At that time 143 clubs were created with 3866 producers in the 2 districts of Ribaue and Lalaua. As a result, producers increased their productivity by about 25%. A survey was carried out at the producer level where it showed that small producers were satisfied with the approach as they had better assistance and attention from the company, which strengthened trust with the company (OLAM). Unfortunately, there were no awards since the pandemic hindered the selection criteria that involved time to market in open markets. In the follow-up, carried out in March of this year by the FTF-Inova team to producers who belonged to the best producer clubs in Ribaue and Lalaua, it was found that the initiative continues to be adopted by producers, even without production contracts with JFS, definition of incentives and prizes. They continue to be organized in clubs, which in a way helps JFS in managing the producers (mapping, distribution of inputs and technical assistance). It was also found that these cotton producers are organized in 48 Clubs involving 2,017 producers, of which 366 are women in the district of Lalaua, and 28 Clubs with 1,354 producers, of which 262 women in Ribaue, thus totaling 74 clubs with 3,371 producers of which 628 women, led by a contact producer (formerly responsible for the club) wearing a JFS jersey that identifies him as the Club leader and JFS focal point in the management of inputs, in an area of 3,034 hectares. These producers received inputs that include seeds and a kit of chemicals and batteries. A cotton results demonstration field was set up at the branches to facilitate the dissemination of good management practices and new production technologies
- In a follow-up visit carried out by the FTF Inova team to members of Miruku Agroindustria's supplier clubs during March to the Alto Molocue district, we found that the initiative is being adopted by other members of the community, this in 3 communities in the Alto Molocue district, as a result of what they observed last season with the other members. Last season, 5 supplier clubs were created in Alto Molocue, with 122 members, of which 35 women had contracts for the supply of corn and soy to Miruku Agroindustria. These clubs received incentives (inputs, mechanized crops and technical assistance) from Miruku Agroindustria which contributed to the increase in productivity and quality, thus improving the income of these producers. Although they have not yet received awards with Miruku Agroindustria, they liked the initiative and continued this year with clubs and neighbors from other communities they adopted. Miruku Agroindustria, guaranteed to clarify and award the prizes to eligible producers and clubs and expressed an interest in continuing to collaborate with these supplier clubs including the new clubs. Miruku Agroindustria intends to link these supplier clubs to the local cooperative, in Mugema, to facilitate product logistics and handling.

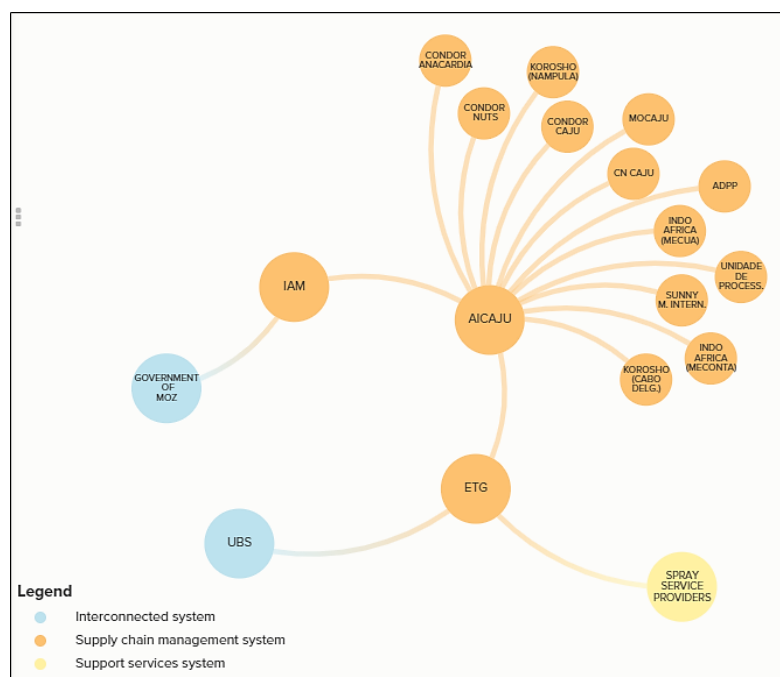
4.3 Information on indirect impact and replications from FTF Inova interventions

4.3.1 Network Analyses of Relationships

One of the systemic changes that FTF Inova promotes is the change of purchasing patterns of output buyers from farmers. In order to achieve this change at scale, FTF Inova included in our FY21 work plan an activity which involves leveraging industry platforms to promote the replication and scale of performance management practices that were piloted initially by companies looking to improve cotton, maize, soybean, guar, custard beans and ricin. Efforts of FTF Inova to reach scale in the cashew sector, which shares some common challenges in terms of lack of quantity of high-quality output available for purchase by output buyers, were

made with AICAJU (a National Cashew Association) this quarter. AICAJU and FTF Inova have previously discussed the value of standards for working with SHFs to improve their productivity and loyalty, which has worked in other sectors. With AICAJU's support, FTF Inova is now working with one of AICAJU's industry members, ETG, to invest in performance supplier clubs of cashew.

Figure 3. Sociogram depicting the importance of leveraging industry associations, like AICAJU



ETG is a large-scale exporter company of cashew. FTF Inova has supported NGALA a company that has worked to improve support provided for improved productivity from spray service provision. ETG and other members of AICAJU may benefit from improved spray service provision of 20-30 providers. It is important to emphasize that IAM (the Mozambique Nuts Institute) is central to agro-chemical distribution, from dealing with importers and distribution to the spray service providers involved in application, which should be registered in their database.

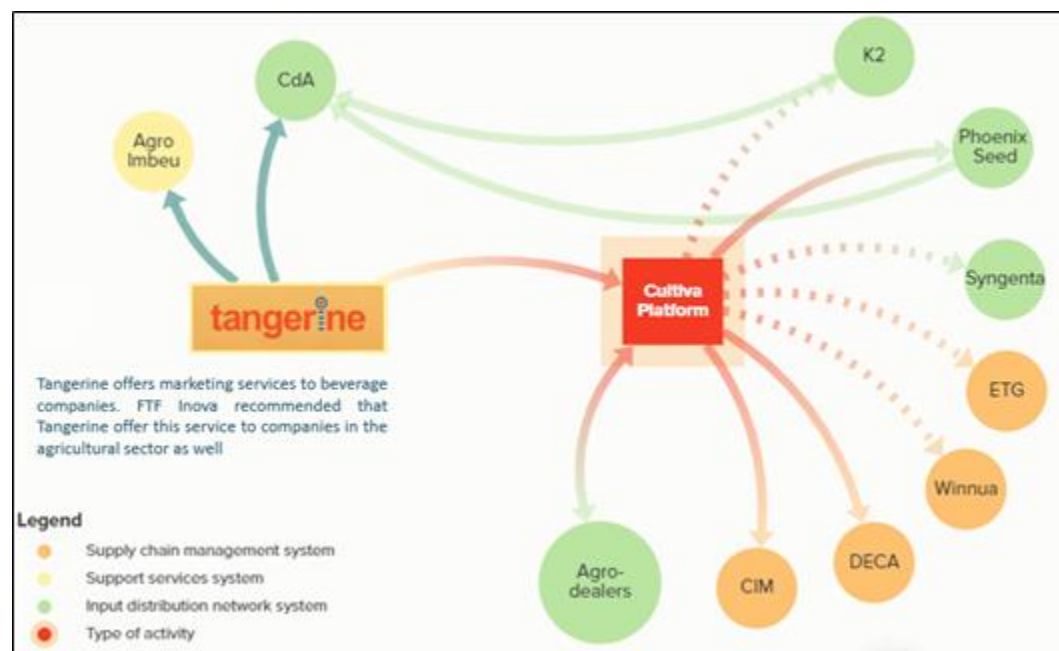
Additionally, FTF Inova has worked with UBS (UniLúrio Business School) to provide consultancy services at a lower cost to agricultural sector actors that may not have consistent technical, affordable advice. UBS is starting to explore providing such assistance to ETG with the main objective of developing strategies that help ETG to reach a larger number of farmers as suppliers.

By mapping the network of relationships existing and newly formed between different agricultural actors in the cashew sector that may be directly and indirectly affected by FTF Inova-supported innovations in performance management tactics applied to the cashew sector. FTF Inova can have a better sense of the potential for scale by working with different actors in the sector and disseminating lessons learned. For example, while pilots with ETG and NGALA will be important to prove the business case for aspects of performance management, the dissemination of the experience through AICAJU (a hub central to this network) can also foster replication and adaptation in the sector amongst other cashew companies, spray providers, and agricultural technical assistance providers.

Another example where network mapping and analysis proved useful to understand potential for scale is with Tangerine. Tangerine is a marketing company that traditionally offered services to beverage companies, but

FTF Inova recommended that the company start offering this type of service to companies in the agricultural sector, which resulted in the development of a new commercial relationship between Tangerine and Agro-Imbeu and Casa do Agricultor, as you can see in the left corner of the sociogram.

Figure 4. Tangerine Sociogram



This first contact by Tangerine with the agricultural sector led the company to identify a new opportunity to provide services in the market, which resulted in the development of a project called Plataforma Cultiva, which can be seen in the right corner of the sociogram. This platform, on the one hand, houses a system for capturing data related to the agricultural market, and on the other hand, it opens up the possibility of establishing provision of services such as the development of an attractive brand, sales monitoring, the evaluation and formulation of merchandising and the promotion of improved performance strategies.

After creating the concept of the Cultiva Platform, Tangerine is already developing services for input distributors such as CIM, DECA and Phoenix Seed - in the sociogram this relationship is represented by a dense line, which means that the commercial relationship is already in full development. Other companies such as K2, Syngenta, ETG and Winnua have also shown an interest in contracting Tangerine's services - these potential contracts are represented in the sociograms by dashed lines. In the case of Syngenta, for example, the company would like assistance with the horticulture seed distribution service. In the case of Winnua, the contract would serve for Tangerine to help Winnua establish a market for its Corn Flour in Northern Mozambique, that is, Nampula.

The Cultiva Platform also develops a win-win relationship with different agro-dealers, represented in the sociogram as a large group. Agrodealers receive assistance in monitoring their sales and understanding their customers' purchase patterns better by connecting. This data is also accessible to the manufacturers of the products that the agrodealers stock and sell.

This activity, therefore, involves different market systems and results in the development of new relationships that likely would not have happened spontaneously without the support of FTF Inova. The sociogram also helps us to understand that some of the companies that today are assisted by Tangerine through the Cultiva Platform already had established a connection in terms of commercial relationship - this is the case of CdA

(one of the first companies served by Tangerine) with K2 and Phoenix. In these cases, the relationships may be improved and strengthened by the platform.

4.3.2 Other Research Findings

- FTF Inova, in partnership with Adicional, UniLúrio Business School (UBS), and Casa de Agricultor (CdA) carried out a survey on the customer satisfaction of Adicional transportation and logistics services in the districts of Malema, Ribaue, and Nampula in Nampula province. This research aimed to measure the usefulness of Adicional's transport services on routes distributing inputs to agrodealers for CdA under the initiative "Rota Certa" in partnership with FTF Inova. The survey reached a total of 91 interviewees, including agrodealers, producers, and buyers. Agrodealers showed appreciation for the services, because Adicional is not only facilitating the delivery of inputs but also buying products directly from farmers, giving them a secured market. In turn, this motivates farmers to buy more inputs from the agrodealers. Similarly, farmers were satisfied with Adicional's services, as they can now access inputs of good quantity and quality at affordable prices without having to travel far from their communities. Farmers were also satisfied with Adicional's product procurement process, because it makes safe transacting with farmers and it reduces transaction costs to sell their produce. Output buyers (urban consumers) were also satisfied with how Adicional's backhaul space service simplified the purchasing experience of agricultural produce, allowing them to save on transport and handling to and from rural areas. To conclude, small-scale transportation interventions like Adicional's can be quite disruptive in addressing major constraints for the growth of agribusinesses and smallholder farmers. The research shows how farmers, agrodealers, and buyers in Nampula city markets are benefiting. However, since each agrodealer manages on average 250 producers, and because some community members are dispersed in a radius of 10 Km, it becomes cumbersome for them to aggregate products. To further improve the initiative, agrodealers are recommending the use of small vehicles, such as tricycles, to minimize time and effort to aggregate agricultural produce.
- FTF Inova conducted an Outcome Harvest to assess the systemic change that the Supplier Clubs enabled. The data has been completely coded and analysis is in progress. Preliminary insights are indicating the improved production practices of smallholder producers as a result of improved access to high quality inputs and technical assistance.
- FTF Inova continues using the communication platforms to share successes and experiences with MSD practitioners. This time, we published two blogs at MarketLinks focusing on the progress made concerning partnership engagement with the private sector and an example of an innovative performance-based supply chain management. The blogs may be accessed via this [link](#).
- FTF Inova is monitoring the services of *Adicional* to Agrodealers and aggregators from Malema and Ribaue. Through a rapid assessment, we learned that the services provided by Adicional benefited small producers in increased sales volumes and a guaranteed market to their produce. For instance, through *Adicional's* services, producers sold 90 kg onion bags at 2,500 Meticaïs against 2,000 without these services while a 40 kg basket of tomatoes was sold at 700 Meticaïs against 500 Meticaïs without Adicional's services. These services motivated the producers, as they produced with market guarantee and at fair prices in addition to the advantage of a scheduled collection system that had been established. Despite this progress, we have learned that *Adicional* has stopped sourcing products in November. FTF Inova is following up with *Adicional* to understand the issue.

Appendix I – Performance Indicator Table

FTF Inova expects to meet all targets set for FY 2021. Progress on key performance indicators in Q1 FY 2021 is summarized in Table 7.

Table 7. FTF Inova Progress on Performance Indicators

Number	Indicator	Target FY 2021	Q2 Results FY 2021 (cumulative)	% achievement	Deviation Narrative of +/-10%
GNDR-2	Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources	36%	20% 737 female/3715 participants	55%	The performance of this indicator depends more on the programs targeting women. In the current quarter Inova contributed to good performance of the indicator the participation of women in supplier clubs with Miruku and JFS. It is expected that planned work with Oruweru and Novo Madal will increase the participation of women towards the achievement of the target in the fourth quarter.
YOUTH-3	Percentage of participants in USG-assisted programs designed to increase access to productive economic resources who are youth (15-29) [IM-level]	24%	15% 572 youth/3730 participants	64%	On track. As expected, this indicator benefited from the start of activities on the input distribution system being implemented by Bayer with the involvement of youth/students. There are underway planned activities engaging ETG with SSPs and AICAJU which certainly will improve the indicator to the achievement of the target by the end of the FY.
EG.3.1-14	Value of new USG commitments and private sector investment leveraged by the USG to support food security and nutrition [IM-level]	\$1,953,866.00	\$73,863	4%	Not achieved. Many interventions starting in Q3 were under preparation in Q2.
EG.3-2	Number of individuals participating in USG food security programs.	43,299	60,762	140%	Overachieved as result of engagement of Ka Da Terra in marketing of local agricultural produce to sell in supermarkets in urban areas. A huge number of farmers were mobilized in central and north Mozambique to source rice to Ka Da Terra.
EG.3.2-24	Number of individuals in the agriculture system who have applied improved management practices or technologies with USG assistance	30,359	10,680	35%	On track. The suppliers clubs continue to increase the number of farmers applying improved management practices. Added to that through the input distribution system many farmers continue to access and apply improved inputs.
EG.3.2-25	Number of hectares of land under improved technologies or management practices with USG assistance	36,431	26,598	73%	On track. The use of inputs added to the suppliers club schemes contributed to this result and is expected that by the end of FY the target will be achieved with more inputs being sold for the second season and expected new suppliers clubs with Novo Madal. The

					engagement of ETG and AICAJU on spray services will also add performance to this indicator during the next quarters.
EG.3.2-26	Value of annual sales of farms and firms receiving USG assistance [IM-level] -Value	\$32,194,349.00	\$4,347,552.00	14%	Usually the second quarter of the FY is the worst in terms of sales as the period after the planting season with low demand of inputs and before the marketing season of high sales of produce. So, with the second season starting and agricultural produce marketing as well it is expected that the indicator will be on track.
EG.3.2-27	Value of agriculture-related financing accessed as a result of USG assistance [IM-level]	\$7,083,891.00	0	0%	Not achieved.
Custom Indicator #3	Number of farmers who have a new/improved commercial relationship with partner firms	14,207	9,643	68%	On track. The linkage between Ka Da Terra and the producers who sell local produce to source urban markets is increasing the number of farmers with improved commercial relationships with firms.
Custom Indicator #4	Number of FTF Inova partner firms who have new/improved commercial relationships with other firms	60	9	18%	On track. It is expected that the relationships between companies will increase in next quarters with the linkages between inputs distributors with HEIs and ICT platforms service providers.

Appendix 2 – Success Story

Mozambican supermarket chain increases demand and access to Mozambican quality food products.

Ka Da Terra is a supermarket chain based in Maputo, established in 2008 with private Mozambican capital and more than 18 employees. Initially, Ka Da Terra operated as a Mozambican franchise of the SPAR Group Limited South Africa with two supermarkets in Maputo City and Maputo Province.



As part of the local retail strategy in its range of products (mainly imported from South Africa), Ka Da Terra created a dedicated area for Mozambican food products focusing on fresh vegetables which created demand and increased in size and range through the years. According to Ursula Pais (the general manager):

"We wanted to create a recession-proof model that would see us through the toughest times and, in February 2019, the group decided to operate its stores independently under the Ka Da Terra brand, a name associated with strong family values. It was the right time to walk on our own." As part of the learning for the demand for local products, Ka Da Terra departed from the franchise approach and established as the first supermarket chain with Mozambican quality products.

In partnership with FTF Inova, Ka da Terra is establishing supply chains for domestic supermarkets and food retailers. Having tested consumers' demand for products grown in Mozambique, Ka Da Terra is piloting a



flexible and cost-effective supply system for beans, pulses, and rice from the North of Mozambique to Maputo. The firm is also the first mover with this type of innovation, proving the efficacy of this concept with their initial rice value chain.

Ka Da Terra expedited the purchase of 20 tons of rice delivered from Zambezia Province. By requesting packaging from a company based in Nacala, which sent the bags to Nicoadala, the firm ensured that the rice would be shipped in safe conditions and ready for distribution. Ka Da Terra also expressed satisfaction with the use of the backhaul space of a transport company. While displaying the rice in-shop, the supermarket is currently finalizing marketing materials and negotiation deals with other wholesalers like Terra Mar and

distributing to some humanitarian programs.

Ka Da Terra shared on-going progress towards establishing its wholesale function to distribute quality Mozambican Grown produce from the Northern region to urban areas such as Maputo. The company has signed a contract with Impere, an off-taker with 34,000 suppliers for a continuous supply of first and second-grade rice for one year. It also has secured contracts with Terramar Trading and Armazéns Atlântico (who is

one of the biggest distributors nationwide) to distribute the rice from Zambézia. Ka Da Terra has engaged seven micro-retailers (*barracas*) on an agreement to supply rice on credit terms. In addition to securing distribution agreements, Ka Da Terra is also ensuring demand activation through Radio ads (to inform on the rice quality and purchase points), in-shop posters highlighting profiles of suppliers.

Ka Da Terra's wholesale function is gaining shape. The supermarket reached its 8 metric tonnes sales target in rice, having supplied several large wholesalers like Terramar Bagamoio (5.75 metric tonnes), Premier Group Mica (1.0 metric ton), 2 Barracas in Polana Caniço (675kg), and in-shop (597Kg). While the distribution negotiations to sell the remaining 5 metric tons in storage to more wholesalers and micro-retailers continue, Ka Da Terra is starting to conduct a viability analysis of the pilot to assess the profitability of the business model. This analysis will inform Ka Da Terra's plans to bring more quality Mozambican grown products such as beans, potatoes, garlic among others. FTF-Inova will disseminate the lessons learned from the pilot to a large audience to create a "ripple effect" of continual spontaneous replication and investment in the domestic supply chain, leading to the sustainable reduction of poverty and hunger.